FINANCIALTIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday August 19 1986

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World news

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Swift end to Soviet talks with Israel division

Talks between Israel and the Soviet DAINIPPON INK & Chemical Union their first official exchanges for more than 19 years, came to an abrupt end in Helsinki after only 90

Israeli Foreign Ministry officials said the talks had not broken down and would be followed by diplomatic contacts. There was no comment from the Soviet side. Page 14

Government and opposition supporters fought hand to hand in the streets and police fired shotguns at rioters as political protest swept southern Pakistan, leaving at least eight people dead. Page 2

Sudan aid halted

Pakistan riots

The International Red Cross Committee said it hoped soon to resume a food airliff to hunger-stricken southern Sudan but flights were likely to be suspended for some days after rebels shot down an airliner with about 60 people aboard. The rebels threatened more attacks. Page 14

Detained named

The South African Government for the first time published a list of 8,501 people detained under the national state of emergency. MPs convene; Pretoria signs Israeli trade agreement, Page 2

Zimbabwe frees 10

Zimbabwe Prime Minister Robert Mugabe announced the release of 10 people, including political opponents and army officers, held on suspicion of treason and said the move was aimed at creating politi-

Soviet heroin link

 \mathcal{M}

Dutch police disclosed that heroin with a street value of \$20m seized in. Rotterdam two months ago originated in Afghanistan and was brought to the Netherlands aboard a Soviet ship, hidden in containers of Afghan raisins. ...

Chernobyl letters

ty daily newspaper, published let Page 32 ters from people affected by the Chernobyl nuclear accident asking for more facts about the radiation dangers they face and what their future may hold. Page 2 Toulon bomb

Four people, including an extreme right-wing political activist, were blown up while apparently preparing an anti-immigrant bomb attack in the French Mediterranean port of Toulon, Page 2

Philips chief ill

Wisse Dekker, 62-year-old former chairman of Europe's biggest elec-tronics firm Philips, has had a suc-

Blast hotel reopens

The seaside hotel in Brighton, England, blown up by an Irish Republican Army bomh two years ago in an attack on Prime Minister Margaret Thatcher and her cabinet, reopened after a \$16m iacelift. Drug girl besleged

A 13-year-old Los Angeles girl who

turned her parents over to police as alleged cocaine users, is being be-sieged by film offers, her lawyer

Tourists evacuated

A thousand tourists had to be evacnated by cable car from the Catalan mountain-top monastery of Montserrat after a forest fire cut off roads to the shrine. In another blaze, im pine trees were destroyed near Burgos, northern Spain.

Storms claim lives

A freak tornado ture through a campsite in Charité sur Loire, centrai France, killing one person and injuring at least 10 others, while hailstones as big as tennis balls caused heavy damage to houses and cars in south-west Germany. In the US, three people died in an aircraft crash when Hurricane Charley lashed the central Atlantic

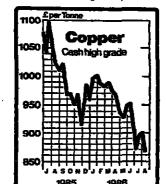
Dainippon buys Sun **Chemicals**

No. 30.010

Japanese speciality chemicals group, agreed to pay \$550m in cash for Sun Chemicals' graphic arts materials division, to become one of the world's leading suppliers of printing ink. Page 14

DOLLAR closed in New York at DM 2.0725, SFr 1.6735, FFr 6.7435 and Y154.45. It rose in London to DM 2.0705 (DM 2.0630); SFr 1.6755 (SFr 1.6625); FFr 6.7375 (FFr 6.7050), but fell to Y154.10 (Y154.15). On Bank of England figures the dollar's index rose to 110.8 from 110.6. Page 25

STERLING closed in New York at \$1.49. It fell in London to \$1.4930 (\$1.4945); Y230.0 (Y230.25). It rose to DM 3.0925 (DM 3.0825); SFr 2.5025 (SFr 2.4850), FFr 10.06 (FFr 10.02). The pound's exchange rate index rose 9.2 to 71.7. Page 25



COPPER prices fell sharply in London yesterday, mainly reflecting heavy selling in New York on Fri-day. The cash grade A price closed £8.50 lower at a 46-month low of £865 a tonne. Page 24

GOLD fell \$5.125 to \$377.75 on the London bullion market, It also fell in Zurich to \$377.75 from \$385.25. In New York, the Comex December settlement was \$382.80. Page 24 WALL STREET: The Dow Jones in-dustrial average closed up 13.92 at 1,869.52. Page 32

LONDON equities posted their sixth successive advance. The FT Pravda, the Soviet Communist Par- Ordinary index rose 2.6 to 1,273.6.

> TOKYO stocks posted a third successive daily record, climbing 221.03 to 18,597.44, amid strong demand fuelled by expectations of higher prices to come. Page 32

CHINA plans to invest in a Canadian gold mine to secure access to Western technology and manage-

ment skills. Page 4 K MART, leading US discount retailer, reported record turnover in

the second quarter, with net earnings jumping 58 per cent to \$118.4m or 88 cents a share. Page 17

WORMALD INTERNATIONAL Australia's leading fire-prevention cessful open heart operation after and security company, is awaiting falling ill at the weekend.

and security company, is awaiting US Securities and Exchange Commission approval before floating a separate company comprising its international operations on the New York and London stock ex-

changes. Page 17 BOMBARDIER, Canadian heavy transit equipment, snowmobile and defence products group, will pay about CS120m (\$92.3m) for majority control of Canadair. Page 15

JAGUAR, UK luxury-car maker, reported interim pre-tax profits up 7 per cent from £63m to £87.4m (\$190.7m). Page 18; Lex, Page 14

SCHERING, West German pharma-ceuticals and chemicals group, reported modestly lower profits for the first half of 1986 but said earnings for the full year would be satisiactory. Page 15

ANDERSON, CLAYTON, US foodprocessing group facing a \$679m takeover bid from Bear Stearns and Gruss & Co, reported a sharp fall in fourth-quarter net profits on a continuing basis from \$10.7m or 88 cents a share to \$1.3m or 11 cents.

HÄGGLUND and Söner, Swedish hydraulics company, announced agreement with Pneumo Abex of the US to acquire 100 per cent of the shares and assets of the Abex Denison Group for about SKr 300m (\$43.4m). Page 17

- London .. 26-29, 32

Gorbachev offers 'historic opportunity' to end N-tests

BY OUR MOSCOW CORRESPONDENT

MR Mikhail Gorbachev, the Soviet leader, last night announced that Moscow would extend its moratorium on nuclear testing until next

In a 35-minute address on national television, Mr Gorbachev again urged President Ronald Reagan not to miss "the historic opportunity" to join the year-old moratorium, and said the two superpowers could sign an agreement at a summit meeting this year to halt nuclear tests.

be the main real outcome of the meeting and a considerable step on the road to ending the arms race," Mr Gorbachev said.

He made no further reference to the chances for a summit - which the Soviet Union has previously said depends on real progress in arms control - and did not break his silence about the latest US arms control proposals in a letter from Mr Reagan last month. The tone of Mr Gorbachev's

speech, delivered in a calm and neasured manner, seemed designed to increase the moral and political pressure on Washington to agree to a balt in nuclear testing. Mr Gorbachev said the original decision to adopt the moratorium on the 40th anniversary of the bombing of Hiroshima last year The White House replied to the extension by saying that it would not be in the US national interest to join the present Soviet freeze on nuclear testing, but it left the way open to an agreement on testing at a summit this year. "We have always been interested in a testing agreement that would provide some means of verification," Mr Larry Speakes,

had been neither easy nor simple. The extensions of the ban last January 1 and again after the April 26 Chernobyl accident were also difficult, he implied.

Anxious to emphasise the inter-

the White House spokesman,

national gains for the Soviet Union in extending the ban again, Mr Gorbachev said the ruling Politburo and the Soviet Government had taken their present decision because they believed people around the world will correctly evaluate the long silence" at Soviet nuclear testing ranges.

He contrasted this with American behaviour, noting that the US had conducted 18 tests, three of them unannounced, during the year of the Soviet moratorium

Mr Gorbachev made a standard denunciation of American policy.

branding it expansionist militarie tic and aimed at ensuring US domination and weakening of the Soviet

Union and its allies. "In the United States there are very active forces who do not want to disarm at all," he said.

He was particularly critical of opponents of arms control, whom he accused of using and exploiting the issue of verification to block agreement on disarmament. He repeated that the Soviet Union was ready to agree to international monitoring of a nuclear test ban or other agreements, and pointed to the monitoring stations set up by a private group of US seismologists near a Soviet underground testing site in Kazakhstan as "clear proof" of Mos-

cow's good faith. Citing letters from the public rather than worries that have probably been expressed behind closed doors by the Soviet military, Mr Gorbachev noted that the decision to extend the moratorium had aroused worries about security. Citizens has questioned whether the security risk was not too great, Mr Gorbachev noted.

But his constant reference to international support for the morato-

Continued on Page 14 Chernobyl complaints aired, Page 2

Ex-Cell-O accepts new \$1.03bn Textron offer

BY PAUL TAYLOR IN NEW YORK

TEXTRON, the US manufacturing and financial services conglomerate, yesterday agreed to acquire Ex-Cell-O, the US automotive and aerospace components and industrial equipment manufacturing group, for \$77.50 a share or about \$1.03bn

ment, Textron, based in Rhode Island, said it would immediately launch a cash tender offer for all of Ex-Cell-O's outstanding shares.

Mr B. F. Dolan, president and chief executive, said he was "delighted" by the deal, which, he said, represents a continuation of our programme of balanced diversifica-." He added that Textron decided to increase its bid price after eviewing Ex-Cell-O's operations

\$55 a share while Ex-Cell-O's stock \$279.1m in operating earnings. edged down \$1/4 to \$77 a share. Ex-Cell-O's aerospace and de-

come from continuing operations, has recently completed an extended restructuring after its \$1.00 to 1.00 to 1 restructuring after its \$1.4bn acquisition of Avco early last year.

Mr E. Paul Casey, Ex-Cell-O's complete the Avco deal and has rechairman and chief executive, also focused its operations to concenwarmly endorsed the deal, which he trate on three core businesses - aersaid would be recommended to ospace and defence, led by its Bell Helicopter unit; financial services: The prospect of a merger has and commercial products.

been welcomed by industry ana. The acquisition of Ex-Cell-O, lysts who see the two companies as which has also been restructuring a logical fit and note that Textron it- its own operations, is seen as furtron sweetened its earlier surprise - self was the subject of an unsuc-- ther strengthening Textron's big-\$68-a-share bid, which had been rejected by Ex-Cell-O's board last week. Under the terms of the agreement, Textron's shares fell 51% to nues of \$1bn and over a third of it

Textron, which had sales last fence operations accounted for just year of more than \$4bn, excluding under half its \$1.14bn in sales last finance and insurance subsidiary year when the Troy, Michigan,

agreement, Mr Casey will become a Textron director and vice-chair As a result, the group has paid man. Two other Ex-Cell-O directors back most of the debt it assumed to will also join the Textron board.

flotation for Avis Europe By Terry Povey in London AVIS EUROPE, comprising the US

Wesray

plans UK

car rental group's operations in Europe, Africa and the Middle East, is to be floated on the London Stock Exchange this year. Two thirds of the new company is expected to be offered, to raise about £200m

The expected market capitalisa-tion of £300m for Avis Europe compares with the \$300m paid for the entire parent company, Avis Inc, when Wesray of the US bought it from Beatrice only four months

ago.
Wesray, headed by Mr William
Treasury Simon, the former US Treasury Secretary, has specialised in "asset realisation," the purchase and resale of viable units of large con-

Avis Europe accounts for about 26 per cent of the car-hire group's turnover and, recently, an even higher proportion of net profits because of savage rate-cutting and an incentives war in the US market. Avis Europe will become the only

listed car-rental company in the world. All its main rivals in the US and elsewhere are subsidiaries of About a third of the shares of-

fered for sale – or about 20 per cent of the total - are to be sold directly to European institutions. There are no details yet of the pricing arange-ments. Morgan Grenfell, the UK merchant bank, and London brokers Cazenove are advising Avis Europe. Avis Inc will retain about a third of the floated company.

Mr Alun Cathcart, group managing director of Avis Europe, said yesterday that the division had been a "self-standing and self-sustaining part of the Avis group for many years." Its finance department had direct control over budgets and had foreded the division. gets and had funded the division's capital spending programme inde-pendently of New York. In its region, Avis Europe has

about 18 per cent of a total market recently estimated at £1.2bn (\$1.8bn) by Britain's Royal Automobile Club. Hertz, which remains top in the US, has a similar market share in the region. In the UK, a survey conducted for Budget, another rental company, found that Europear led the field with 11 per cent, followed by Avis with 9 per cent, Budget with 7 per cent and Swan National and Hertz with 6 per cent each. Avis's "We try harder" slogan still

sets the marketing tone after 21 years in use. The company has a total fleet of 90,000 vehicles, and

Continued on Page 14 Men and Matters, Page 12

Unilever and Naarden in merger talks

UNILEVER, the Anglo-Dutch con- ity and its own independent posi-

sumer group, is in talks leading to a tion within Unilever".

£110m (\$164m) cash takeover of NaUnilever said the fragrances and arden International of the Nether- flavours industry had various atlands, which could make it probably tractive characteristics. It is, acthe world's biggest maker of fla-vours and fragrances. cording to the group, a \$5bn mar-vet, growing at 5 per cent by volvours and fragrances.

Unilever said it was considering paying about Fl 90 a share. The move surprised the Amsterdam stock market. The stock closed yesterday at F1 88.10, a gain of F1 34.10. Takeovers are rare in the Nether-

lands compared with the UK or US. Naarden, which made net profits last year of FI 22M (\$9.4m), is the world's third biggest manufacturer of flavours and fragrances for the food, drink, toiletries and cosmetics industries. Next in size comes Unilever's subsidiary, PPF Internation-

The present world leader in the market is the US company International Flavours and Fragrances (IFF). At present rates of exchange, IFF's sales last year of \$501m would be just topped by the combination of Naarden's F1 663m and PPF's F1

has stressed the importance that it pendence despite its absorption into attaches to the combination of Na-Sara Lee Corp of the US in recent arden/PPF retaining its own ident-

wide sales and service organisa-Takeovers, whether friendly or Officially, the merger is still only unfriendly, are rare in the Nether-under consideration. Naarden has lands, and a measure of indepenthe ability to block any hostile approach with the use of 25 so-called quisition. Douwe Egberts, the lead-"priority" shares. A statement from ing Dutch coffee and tobacco group, Unilever said "the Naarden board strictly maintains its Dutch inde-

Much of the world market is held

by six companies - IFF, Givaudan (part of Hoffmann-La Roche, the Swiss drug company), Naarden,

PPF. Haarmann & Reimer of West

Germany and Firmenich of Swit-

market had become tougher in re-

cent years, particularly in research

and development costs and the

longer lead times required to get

new products past regulatory agen-

Unilever said: "Over the next 10

vears the international businesses

that will be successful will be those

large enough to afford the costs of

the required research and creative efforts, and of maintaining a world-

Analysis commented that the

Japanese industry

the storm, Page 12

rides out

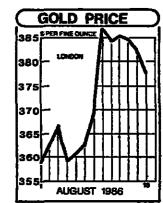
Precious metals decline

By Andrew Gowers in London

THE RECENT rally in the precious metals market appeared to fizzle out yesterday, at least for the time

The gold bullion price fell \$5.125 in quiet London trading to close at \$377.75 an ounce. Platinum prices, which led gold upwards last week amid fears that supplies from South Africa might be disrupted, also dropped. In London, platinum closed at \$534 an ounce, down \$9 on the day. Both developments seemed to

stem from a loss of momentum in the markets late last week, after a denial from South African officials that Pretoria would contemplate cutting off supplies of platinum in retaliation for Western sanctions. South Africa is the source of about 85 per cent of Western sup-



plies of platinum - which is in intion control devices - and some 55 per cent of the West's gold bullion. "The whole thing seems to have run out of steam," said one London bullion house. "A lot of people got caught in a short-covering panic last week. Now we are back to a more reasonable level." A New York platinum trader said:

"Fears, not facts, ignited the recent Continued on Page 14

South African MPs conver Page 2; Commodities, Page 24

UK tax cut hopes raised as high receipts reduce borrowing

BY GEORGE GRAHAM IN LONDON

Government may be able to shrug off the loss of North Sea oil revenues and still achieve the tax cuts it plans for next year.

£2.1bn or 13% per cent more than in the same period of 1985. Customs and Excise receipts are also running nearly 9 per cent higher than a year ago.

Government spending, however, has risen by only 4½ per cent above last year's levels, leaving net public-sector borrowing in the first four months of the fiscal year at £2.1bn, compared with £3.2bn in the same period of 1985. . The public-sector borrowing rement (PSBR) had been expect-

few analysts had expected the net

repayment of \$226m that emerged.

Mr Tim Congdon, of stockbroker

L. Messel & Co. said: The markets will start speculating about an undershoot on the 1986-87 target of Tax receipts for the Inland Reve-Inland Revenue receipts were

66.2bn in July as payments of adcome tax by the self-employed, which normally rise at this time of year, reached £1bn each. Analysts believe that figure - 16 per cent higher than in July last year - suggests the Treasury may be well on the way to meeting its

projection at the time of the Budget in March that non-North Sea tax revenues would grow by 9% per ed to be relatively low in July, but cent this year. Officials give warnings that the In addition, the PSBR in the first effect of the collapse in oil prices

HIGH TAX payments in the early couraged hopes that the British the whole fiscal year is £7bn.

C200m from the figures originally revenue tax paid last September, this year the Government is likely to have to make refunds to the oil

Mr David Wileman, of stockbroker Capel-Cure Myers, said any shortfall in oil revenues was likely to be offset by lower interest paynue in the first four months of the fiscal year totalled £18bn (\$27bn) - thinking about the pet infrastructure projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the first four months of the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the first four months of the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the first four months of the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the first four months of the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects they can initiate at the fiscal year totalled £18bn (\$27bn) - ture projects th vields on gilt-edged governmen bonds have fallen this year.

The central government repaid 10.20n in July as payments of an-vance corporation tax and of in-come tax by the self-employed, count last month, bringing its net borrowing in April to July to £3.1bn. In addition, it has lent on £3.5bn

to local authorities, which have tended to repay their bank loans this year and shift borrowing to the Government's own Public Works Lending Board, which offers them finer rates.

The Government's actual expend iture in July amounted to £7.9bn and totalled £32.9bn in the first four months of the year, 4% per cent higher than a year earlier.

UK retail sales, Page 7

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Argentina: inflation's spectre Japanese industry: riding out returns to haunt 4 the storm 12

three months of the fiscal year has will not be felt until next month. In-

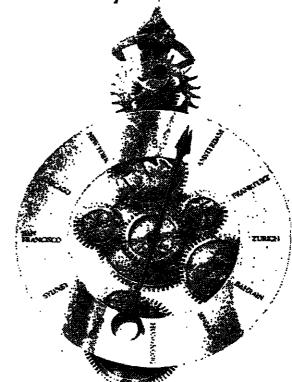
been revised downwards by about stead of the £1%bn of petroleum

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French fears over US satellite subsidies

shuttle to military and scienti-

Four killed

by bomb

in Toulen

FOUR PEOPLE were killed in Toulon in the south of France

yesterday when the car in which they were carrying a bomb blew up. They were apparently planning a racial attack which has revived fears

about growing violence among fringe supporters of the ex-treme Right National Front.

Among those killed was Mr

Claude Noblia, president of a right-wing organisation called SOS-France who stood as a can-didate for the National Front

in elections in 1983 before quitting the party at the begin-

Police believed the four were on the point of planting about 5 kg of explosives at an office in Toulon formerly belonging to SOS Racisme, the French anti-

Several attacks against immi-grant targets in the south of

France in recent months are

believed to have been the work of commando units linked to

Finnish rate lowered

The Bank of Finland yesterday

BANK OF MONTREAL First Canadian Place Teronto, Ontario, Canada MSX I A I

BANK OF MONTREAL Ulmenstrasse 37-39 D-6000 Frankfurt am Main 17

Federal Republic of Germany

Aeschenvorstade 1 CH-4002 Basie, Switzerland

August 19, 1986

SWISS BANK CORPORATION

ning of this year.

racist organisation.

By Our Paris Staff

the policy followed by Ariane-

there were some fears that the US air force would continue to play a role in the financing of US companies offering alterna-

on the timing of the next Ariane launch — postponed to the beginning of next year after the rocket's crash in May would be taken on technical grounds and would not be a contender for satellite affected by the US privatisation move. The latter decision would be unlikely to bring new launching possibilities for satellite owners for three or four years.

Doubts have recently resurfaced about the technical and economic viability of France's TDF-1 satellite, the launching has been launching possibilities for satellite owners for three or four years.

decade and in the 1990s made that they intend to press ahead it essential that Europe press despite plans by France to

Astra, backed by the Societe spite of delays in the Ariane Japan, which last week programme caused by the achieved the first successful rocket's failure in May, SES

Doubts have recently

Chernobyl complaints given airing by Pravda

THE SOVIET Communist Party daily newspaper, Pravda, yes-terday aired readers' complaints about official handling of the Chernobyl nuclear accident, in-cluding that of a woman who said her parents' home in an evacuation zone appears to have ransacked, Agencies report from Moscow.

Prayda acknowledged that there have been problems getting relief to some evacuees and providing them with prompt, relevant information. It urged officials to redouble their efforts to resolve all difficulties.

"There is no place for complacency, as we are dealing with a very dangerous enemy: radiation," it said. "There also is an enemy that is no less perfidious—that is all kinds of rumours and gossip, and we should fight them mercilessly wherever necessary each day. There is only one means with which we can fight it—sincere and full information, openness."

Pravda said some letters praised the politburo for announcing that officials res-ponsible for the disaster in April would be punished. But others expressed frustration with red tape and anxiety about the fate of evacuees and their

A woman from the Kiev region complained that when her stepfather was allowed to visit the home he evacuated in the village of Kotsubinsky, he found that "locks had been removed, all the doors were ajar and jampots were opened. Perhaps they thought there was some kind of liquor there."

She said her stepfather closed everything up at the house, but when he was allowed to return a second time, "a window had been broken and a wardrobe had been damaged, and every-thing had been turned upside dawn."

Pravda noted earlier media reports that there had not been a single case of criminal entry into an evacuated house. "So why is such a case possible today?" it asked, and said all abandoned villages should be

closely guarded. Another letter from a group of women evacuated to a sanatorium near Minsk complained of inconvenience and lack of information about where to obtain clothing and other

One man in Kiev complained that the city was still full of rumours that were making people nervous, and that residents were not being given enough day-to-day information.

The newspaper admitted that programmes to educate people about radiation, medical effects, safety measures and other information had not been organised in some areas. It also com-plained that some recent media reports about Chernobyl have glossing over short-

Many letters had been received from readers con-cerned about the health of workers inside the Chernobyl plant during the first release of radiation, Prayda said. It answered with a letter from 19

survivors.
They said they had been sen intensive course of treatment.

before being transferred to normal savings accounts. And those who convert their dollars into zlotys at the unofficial ex-

change rate can also stay well ahead of Poland's 18 per cent

inflation rate.
Mr Andrzej Nalecz-Jawecki,

editor of the consumer maga-

zine Veto, says it is not unusual these days for a moneyed Pole to have Zl 3m on deposit at the

bank, with an annual yield equal to nearly twice the average

yearly Polish income.
Poles with dollars from rela-

tives in the West or who have saved money from working in

the West do not exchange their

guise of waiters, hotel porters and taxi drivers. A lot of their

S African MPs convene to clear backlog of work

BY ANTHONY ROBINSON IN CAPE TOWN

THE South African parliament and other fields, and pressing reconvened here yesterday for for the disclosure of more incomplete the Government's legislative programme. But further major reforms for the apartheid system are no longer detained since the emergency or the apenda following last apartheid system are no longer on the agenda following last week's ruling National Party

Congress. Delays in expected changes in the Group Areas Act and other key areas of reform mean that these too will not be discussed in the current session, which is expected to last six

weeks.

However, in a last minute addition to the largely routine list of 28 items on the order paper, the Minister for Minerals paper, the minister for materials and Energy Affairs yesterday tabled the Mines and Works Amendment Bill. This will end the racially discriminatory provisions which hitherto have prevented black miners from mining agence to the most gaining access to the most skilled and highly paid work on gold and other mines.

The official Opposition Pro-

gressive Federal Party (PFP) is due to table a no confidence motion on Friday attacking the Government's performance in the political, security, economic

detained since the emergency was reintroduced on June 12, but Mr Louis Le Grange, the Minister of Law and Order, yesterday released the names of only around 8,000 people detained under the state of emergency regulations without giving any further details.

This is the first time that the names of detainees have been

names of detainees have been published en bloc since the smergency was declared. The extra-ordinary session of

parliament has been made necessary primarily by the volume of reform legislation, including the repeal of the pass laws and influx control, introduced by the Government since the session began on January 31

Meanwhile, President Botha and other senior ministers are expected to meet private business leaders this week to discuss economic policy issues in the light of sanctions and other international pressures.

ANC blamed Pretoria signs renewed Israeli trade agreement By Jim Jones in Johannesburg

SOUTH Africa and Israel south Africa and israet have completed an annual re-negotiation of trade agrae-ments linking the two com-trics. Renewal of the agrae-ments was delayed when Israel postponed the mission's visit to Pretoria as a result of

a state of emergency.
Mr Meir Padan, the counsellor at Israel's embassy in
Pretoria, says that discussions Pretoria, says that discussions did not touch upon the consequences of trade sanctions against South Africa but focused, rather, on means of redressing the balance of trade which runs regularly in South Africa's favour. Last year South Africa Imported goods worth R110m (229.2m) from Israel and sold goods worth R253m in return. During the first two months of this year South Africa sold goods worth R60m to Israel and bought goods worth and bought goods worth

Lower oil prices, which have led to lower prices and demand for South African coal, have redressed the balance slightly, Mr Padan says. However, Israel is eager to increase its sales of high-tech medical products and micro-chips to South Africa.

Official figures are believed to understate by a wide margin the true trade relationships between the two countries as armaments are excluded from the published statistics. says. However, Israel is eager

for explosions in Transvaal By Our Johannesburg Mr Louis Nel, South Africa's

Deputy Information Minister, yesterday accused the banned African National Congress for a series of blasts at the weekend near the eastern Transvaal town of Nelspruit.

of Neispruit.

Landmine explosions took five lives and left two people injured on Sunday. Three black women and two children were killed when their ear detonated a mine on a gravel road near Nelspruit on Sunday afternoon. Late in the evening another mine the evening, another mine critically injured a white woman and her son. In another incident in the area, a pumping station was damaged by two limpet

m 10

Pino c

mines.

Mr Nel alleged in Pretoria
yesterday that the ANC was
responsible for the blasts and that it was aided and abetted by the West.

"The succour and the tacit

"The succour and the facit support given to the perpetrators of these murders, friends of the Ted Kennedys, Bob Hawkes and Bill Grays (Mr Gray is a black US Democratic Congressman) of this world, again demonstrate the double standards applied to South Africa," Mr Nel said. Arrea," Mr Nel said.

Mr David Lange, the New Zealand Prime Minister, said yesterday Wellington would impose limited sanctions on South Africa in response to a call for increased pressure on Pretoria from Commonwealth leaders, Reuter reports from

Pakistan unrest continues

BY MOHAMMED AFTAB IN ISLAMABAD GOVERNMENT and Opposition Pakistan People's Party, and all supporters fought hand-to-hand other leaders of the Opposition in the streets yesterday and alliance Movemer fired shotguns at rioters as Restoration of

alliance Movement for the Restoration of Democracy

fired shotguns at rioters as Restoration of Democracy Pakistani anti-government protests entered their sixth day and left at least four people dead.

Two of those injured in disturbances in Karachi on Sunday also died yesterday.

Protest meetings and rallies were held in cities all over Pakistan as part of the Opposition's protest campaign against fresh narliamentary elections

tion's protest campaign against fresh parliamentary elections the arrest last week of Miss by the end of this year rather Benazir Bhutto, leader of the than in 1990 as scheduled.

War risk premium triples for Sirri Island cargoes BY OUR MIDDLE EAST STAFF

THE WAR risk premium for oil supertanker, the 230,637-ton cargoes lifted from Sirri Liberian-registered Akarita, was Island, hitherto the main trap-shipment point for Iran's Sirri Island and Dubai. The

The new minimum rate, set late last week by the War Risks Rating Committee which groups Lloyd's underwriters and insurance companies, is 0,375 per cent of cargo value compared with 0.125 per cent before. Premiums for cargoes from Saudi Arabia's Ras Tanura ter-

minal, the United Arab Emirates, Qatar and Bahrain have also been raised from 0.05 per cent to 0.125 per cent, re-flecting heightened apprehen-sion about Iranian retaliation. The rate for Jubail, the other

Saudi terminal in the Gulf, which was formerly 0.1 per cent, has also been increased to 0.125 per cent.

The committee does not decide on war risk premiums for hulls. Following the raid on Sirri Island, underwriters more than doubled them to a range of 0.5-6.25 per cent of the value of the wassele. the value of the vessels.

The premium for Larak Island, to which Iran is switching its shuttle service from Kharg Island, is now 0.25 per cent. For Bandar Abbas it remains at 0.125 per cent.

In the Gulf yesterday another

shipment point for frairs strict island and Dubal. The exports, have been tripled in vessel was reported to have the wake of the successful been abandoned as its crew liradi attack on the facility a jumped overboard to escape a week ago. have been rescued by an Iranian

Earlier a military spokesman claimed that the Iraqi Air Force had scored an "accurate and effective hit" on a "large maritime target" shortly before midnight on Sunday local time midnight on Sunday local time. The assault the Akarita occurred at 11.25 am yesterday

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US SUBSIDISING of commercial satellite launches may continue even after Friday's decision to restrict use of the space
He said the decision not to use

Mr d'Allest said. However,
Mr d'Allest said. However shuttle to military and scienti-fic missions, the French launches would be welcome if national space agency CNES the private companies about to warned yesterday.

Mr Frederic d'Allest, director general of CNES and chairman cover their fixed costs. This is

of Arianespace, the largely the policy follo French-backed company pro-moting the launches of Europe's Several US gr Ariane space rocket, said General Dynamics, Transpace yesterday that it would be "bad Carriers and Space Services, news" if the US taxpayer con-tinued indirectly to support the vices in coming years using private American companies both existing American rockets private American companies both existing American roo now charged with commercial and newly-developed ones. satellite launches in the US.

The US decision to private the commercial and newly-developed ones. He has been a fierce critic in satellite launches offered an satellite of the past of under-charging by opportunity to "clean up" confour years.

Several US groups, including The US decision to privatise

which operates as an associate of the UK stock exchange, is to undergo several reforms to meet the "big bang" regulatory changes which take effect in

the London market on October 27 — a bank holiday in Ireland.

Not all the London reforms will be embraced by Dublin. Mr John Bruton, the Finance Minister, in consultation with

the Dublin stock exchange and Irish financial institutions, has

adopted a cautious approach be-cause of the small and concen-

tive launch facilities. Mr d'Allest said the decision

central bank acting as market-makers, while a thorough study is made of the merits of moving

towards a private market-making system. It would be premature to allow brokers dual capacity in gilts now. Mr

The Dublin firm National and

City brokers commented re-

rently that the state of the Irish gilts market, in which 70

per cent of gilts were con-

trated nature of the local mar-ket. and most trading was through

ahead with plans for an launch its own system, upgraded heavy-duty Ariane Astra, backed by the rocket, Ariane-5, planned to Furopeenne des Satellites make its first flight in 1994. (SES), should be launched on "Ariane-5 is more important schedule in February 1988 in

launch of its H.1 rocket, would said.

than ever," he said.

Irish stock market prepares 'Small Bang' THE IRISH stock exchange, largely unchanged, with the which operates as an associate Department of Finance and the duction of dual capacity would the stock exchange to submit put market-makers in an advan-tageous position threatening well below current levels.

> speeding up the responsiveness central gilts settlement system.

He said he would allow dual-capacity in equities, "although there would now appear to be limited interest by Irish brokers the existence of agency brokers. Mr Bruton said some technical changes in the gilts market would be considered immediately, including periodic sales of stock by auction, placing of official prices on screenbased dealing facilities, ways of table commissions for equities.

In the light of this, nego-tiable commissions for equities dealing should be allowed in of official market-makers to Dublin broadly on the same changing market conditions lines as in London. The Mini-and the establishment of a ster also said he was ready to approve stock exchange rule rated nature of the local mar-et.

and most trading was through dealing will be retained, ownership of broking firms by
The gilt market is to continue four brokers, meant the introalthough Mr Bruton called on non-members of the exchange.

Bonn may make airlines pay for refugees

BY RUPERT CORNWELL IN BONN

THE West German Government ruling centre-right coalition the country by making airlines Chancellor Helmut Kohl—is to which bring in asylum seekers tighten the liberal asylum prowithout proper papers meet the cost of their upkeep here dur-ing the lengthy business of pro-

extreme right-wing groups. The National Front, which won 35 parliamentary seats last March, has officially condemned the paper interview by Mr Hans- (SPD) Dietrich Genscher, the Foreign accuses Minister, is one of many under examination as the authorities cast around for ways of dealing with a problem highlighted by the affair of the 154 Tamils from West Germany rescued adrift off the coast of Canada last

the rate at which it lends to banks—from 25 to 20 per cent, writes Olli Virtanen in Helsinki. It began bringing the rate down from a record high of 40 per cent last week when the market started to show more confidence in the Finnmark. Further

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Notice is hereby given that Hudson's Bay Company intends to redeem and hereby calls for redemption on September 23, 1986 all of its 11% Debentures due 1990, of which U.S.\$72.500,000 are outstanding as of the date hereof, at the redemption price of 102% of the principal amount (U.S.\$1,020 per Debenture) together with accrued interest from June 15, 1986 to, but excluding September 23, 1986 (U.S.\$31.3056 per Debenture), for a total redemption price of U.S.\$1,051,3056 per Debenture. Payment of the redemption price will be made upon presentment and surrender of the Debentures and all unmatured coupons pertaining thereto at any of the following paying agencies:

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is investigating whether it can tackle the unmanageable flood least in the eyes of con-of Third World refugees into servative politicians, including of the constitution,

which grants sanctuary to anyone "politically persecuted." cessing their applications.

But this notion has run foul not only of the Social Democrat (SPD) opposition, which accuses the Government of fuelling latent xenophobia in West Germany, but also of the liberal Free Democrats (FDP) within the coalition and to whom Mr Genscher belongs.

The latter repeated his hostiwest Germany rescued admit off the coast of Canada last lity to any change in the constitution, pointing out that the So far, all atempts to check the inflow, which reached 52,000 for political asylum in West in the first six months of this germany "over almost 40 year, have proved fruitless. But years" represented a figure in pressure for effective action is line with other European growing, as the issue looks ever countries. What was unacceptmore capable of dividing the able, he declared, was that "of

only three actually leave West Germany." authorities promised a big increase in staff assigned to processing would-be refugees, as well as a blitz on the illegal organisations, at home and abroad, which smuggle them into the country.

They also plan to stretch— from two years to five—the period for which asylum seekers are banned from working in the hope that this will deter those coming for purely measures may emerge after a special conference of state prime ministers and leaders of the main political parties (except the Greens) which Chancellor Kohl has summoned

for September 25.

The other main avenue for action—a deal with East Germany which allows in roughly
half of all would-be refugees that, not for the first time, Bonn
across the divided city of might be prepared to pay for
Berlin—looks equally unpromising, despite dark murrefugees, whose maintenance

ing power responsible — in Western eyes at least—for East Berlin, has also refused to step in, claiming that the human tide through the Berlin Wall is a matter for the three Western allies and West Germany. This has only cemented the belief change in the status of the



division of the city.

Genscher: opposition

murings from Bonn that innerGerman relations will be at risk
if East Berlin continues to
stand idly by.

The Soviet Union, the occupy-

Aurigae, the coastal freighter alleged to have smuggled the that East Germany and Moscow are using the refugees as pawns, to force a de facto of Bremerhaven at the end of the strength of Bremerhaven at the end of the strength of Bremerhaven at the end of the strength of the strength of Bremerhaven at the end of the strength of Bremerhaven at the end of the strength of the str

DM 1.5bn was under negotiation for East Germany Meanwhile, a hot welcome was being promised for Mr Wolfgang Bindel, captain of the

Returned Poles set example of enterprise to their countrymen

WARSAW'S Zoliborz district contains some of the richest residents in Poland. Its sumptuous villas have swimming pools, saunas, even tennis courts. Large BMW and Mercedes cars are parked in two- or three-car garages. Many of the residents support their elegant lifestyles by growing fruit, vegetables and flowers in glasshouses.

They are also frequently made by those with access to foreign currency. Dollars deposited for three years with the posited for three years with three-year tax relief period. Last year they exported goods worth \$25m (f16.7m) and Roubles 14m (£13.9m).

All the private concerns have been hampered by countless possessors do not wish

The glasshouse gardeners are among the top-earners of Poland's 5.4m small private farmers, and prove that when given the right incentives, Poles work as efficiently as anyone. Their high-priced hothouse blooms on display at urban flower stalls in the depths of winter are a luxurious contrast to the lack of fresh produce in state shops,

Mr Ignacy Soszynski, the Rockefeller of Polish entrepreneurs, describes himself succinctly as the "richest person in Eastern Europe." as a result, to seek out those areas in which the quickest person in Eastern Europe."
Readily admitting that prosperity has come to him as a result of the Polish economic crisis since 1979, he calls it a "true Eldorado" for the private businessman. His Interpragrances company sold as a result, to seek out those as a result, to seek out those areas in which the quickest profits can be realised. Small sweat-shops turning out women's clothing and fashion accessories are making a killing along with the private boutiques which sell them.

Even bigger money however. vate businessman. His Inter-Fragrances company sold scents, cosmetics and wood products in 1984 worth ZI 6.5bn (£27m). The 72-year-old chemical engineer who previously alcohol to tents and furs in lived in France and Morocco is anticipation of higher prices.

panies because their owners are market stalls. As a result, the men and the hustlers. Their of Polish descent, they have peasants have decided to settle been roundly criticised by for a smaller margin of profit Poles to redouble their own exploiting the bare consumer meat.

The profit of profit polish officials for allegedly above the price of rationed efforts to squeeze as much as possible out of the system for goods market for all it is worth.

per cent.

Dollars whose origin their Polish possessors do not wish to declare may be officially laundered in non-interest bearing PKO accounts for one year before being transferred to

Leslie Colitt writes

from Warsaw on the Polonian companies, so-called because their owners are of Polish descent, which are making big profits in a country starved of consumer goods.

Even bigger money, however.

lived in France and Morocco is anticipation of higher prices, thought to be the only zloty billionnaire among the country's expanding circle of multicaught.

Even better profits can be

dollars into zlotys at the official rate of Zl 159 to the dollar, when the black market rate is Z1 700. No serious attempt is made to crack down on Poland's legions of black market moneychangers whom visitors to the country also encounter in the

dollars, too, end up in the Inter-Fragrances is the largest of the 685 foreign small businesses which have sprung up in Poland since they were permitted in the late let them sell as much meat as 1970s. Known as Polonian commarket stalls. As a result, the men and the hustlers. Their possible out of the system for themselves.

deline lita

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Luxembourg, August 1986

For the Board of Liquidators W. Wirth, Chairman

OVERSEAS NEWS

Sudan bankers arrested in black market curbs

BY JOHN MURRAY BROWN

SUDAN'S three-month-old government has arrested a number of leading bankers as part of a continuing clampdown on the country's black market, previously the main source of finance for the private sector.

The arrests, confirmed by Mr el Tayib Abdel Magied, the head of a seven-man Banks Investigation Committee, have nitched appear to have stemmed the slide of the Sudanese pound market. The black market pound was trading last week at commercial rate of 4.10 used for non-government imports and remittances from the 2m Sudanese who work abroad. previously the main source of finance for the private sector.

The arrests, confirmed by Mr el Tayib Abdel Magied, the head of a seven-man Banks Investigation Committee, have pitched Sudan's business community into its worst crisis since the sweeping nationalisation of sweeping nationalisation of seed of the second rate of 2.95 to the second rate of 4.10 used for non-government imports and remittances from the 2m of 2.95 to the second rate of 4.10 used for non-government imports and remittances from the 2m of 2.95 to the second rate of 4.10 used for non-government imports and remittances from the 2m of 2.95 to the 3.05 to 1.05 to 1 sweeping nationalisation of former President Jaafar

Mohammed Gassim, the Jor-danian manager of Citibank International. Citibank is the only foreign bank still operat-ing in Sudan. Also arrested was Dr. Hassan Ali. Salih, local manager of Blue Nile Bank, a Sudanese Korean, private joint

venture.

Mr Gassim was released on \$10m (£8,75m) bail, after five days in police custody. Bail of \$7m was paid for Dr Salih. These amounts, confirmed by the committee, would appear to

reflect the gravity of the charges pending. These include illegal currency dealing, handling falsi-fied customs declaration docu-lindustrialists, all ments, exceeding central bank credit ceilings and advancing loans to finance black market activity. The committee, which to plan. confirmed all banks were under The Government can expect investigation, including the central bank, estimated capital flight through the black market at \$15bn since 1978, the year Sudan introduced an IMF

" typin

Trang

customs officials have tightened controls on Sudan's eight borders in a bid to stop

former President Jaafar to encourage exports of seed oils. All other exports and government imports use the Mohammed Gassim, the Jor-official rate of 2.45 to the dollar. However, the Government's assault on the black market has been widely criticised. Following new exchange controls in February imports have been dramatically cut. No new licences have been issued since

According to bank officials, the new system, whereby all foreign exchange is pooled with the central bank and allocated according to priority, fails to generate sufficient funds even for vital imports. Pharma-ceutical imports, for example. a priority area, were down 66

Industrialists, allocated foreign exchange, complain that the ad hoc system makes production schedules difficult allocated

a sharp fall in customs duties, a main source of revenue, as customs duties have virtually dried up.

The crisis has brought calls reform programme.

A number of black market tions, most notably by the influential economist Dr Abdel been arrested and contraband goods confiscated from traders' warehouses. In addition, senior adviser to the Kuwaiti

Against this background Mr Sadiq el Mahdi's government is expected to present its first

Mervyn de Silva reports on a refugee problem which embarrasses and angers many Sri Lankans

Desperation of the Tamil diaspora

coast was "solved" and the 154

gees awaiting a final court ruling in Canada, not one has been deported to Sri Lanka-This is also true of West Germany where the number, the largest anywhere, is close to 30,000.

Last week. President Junius
Jayeweardene, campaigning to
convince a suspicious Sinhalese
that his offer of provincial autothat his offer of provincial autotrain or tube from East to West
train or tube Last week, President Junius that his offer of provincial autonomy to the separatist Tamil United Liberation Front (TULF) was the path to peace. Ismented that "Sr Lanka, in spite of our culture, heritage and our democratic achieve-

AFTER THE mystery of the ments, was regarded now as a Balkan Airways (Bulgarian) Sri Lankan Tamil "boat people" country that persecuted minoriation of the Newfoundland ies..."

Strict off the Newfoundland ies..." International image would ing deportation in Poland, and

coast was "solved" and the 154 asylum seekers were found not to be Tamils fleeing Sri Lanka's war-torn north in fear, an editorial in the Sri Lankan daily Island newspaper said: Thus, the Tamil exodus, which "Here was one more example of "harassnent" and 'cruelty' to Tamils in Sri Lanka, that the Eelamists (separatists) would no doubt have been waiting to tell the world."

Official reactions to the incident were mixed: Relief, to begin with, that these were not strictly speaking "boat people" and disappointment subsequently over the attitude of the Canadian Government. Although Sri Lanka had told Ottawa that it would accept the whole lot, Canada decided to let them stay for one year until their "cases were processed."

From about 4,000 Tamil refugees awaiting a final court rul-

maintain an equitable distribu- partitioned island.
tion of aid to all ethnic groups Today's refugees are a

as required by Canadian aid desperate band. There are more policy."

Pressure both by Bonn and Colombo led the East German authorities to insist on a valid arrived in Italy with their visa for "the final destination" tengues cut off. (The Mafia, the property of the final destination whitever St. Lankang arrived whitever St. Lankang arrived in Italy with their visa for "the final destination" tengues cut off. (The Mafia, whitever St. Lankang arrived whitever St. Lankang arrived whitever St. Lankang arrived in Italy with their visa for "the final destination" tengues cut off. (The Mafia, the control of the control o

to mount operations which end in bomb blasts in Colombo's airport, rail and bus stations, central post office and in fivestar hotels.

The genuine "boat cross only the 20-mile Palk Straits between Sri Lanka's Tamil north and Taminadu. Ironically, the original "boat people" came to Sri Lanka, half-starved south Indian Tamils looking for the green pastures

of the "emerald isle."

The illegal immigrants did not choose to live among their Tamil brethren in the north but made straight for the green ghetto of the island's tea plan-tations in the central highlands, where the British had trans planted Im tea pluckers, inden-tured south Indian labour. After independence in 1948, both India and Ceylon disowned them to make them the world's biggest "stateless"

community.
Under two Indo-Sri Lankan treaties, India agreed to confer citizenship on 600,000 and accepted them as repatriates while Sri Lanka would grant citizenship to about 400,000. The pact has been implemented with fair success.

In April, a residual 94.000 Indian Tamil plantation workers



Trincomalee villagers mourn relatives killed in clashe between the army and guerrillas

Lankan Tamil The refugees are given rice refugees now in south India, and firewood at subsidised rates can be sent home. The latter and a maximum monthly family are the true "boat people." The 140,000 are housed in 17

stipend of about £20. The plight of the Sri Lankan large refugee camps and 150 smaller camps, mostly in tents.
"Sometimes 20 to 30 families an emotional issue for the 50m Tamuls in south India and a factor in inter-party politics in Tamilnadu. But it has also be-

PROPOSAL FOR CITY MARKET SHOPPING ARCADE e blocks in the vicinity, plus high Detailed figures of local residera a during Year 1 has been estimated as being on the rear i 1135 Geen espiriales as Gentle See. Irder of a million. And as Can be See. low, some 50% of these will ordungs are waters risk accesses with the Second Resemble 9 affected by the type of Store to be bound as the reade, with as heavy emphasis on up-market. 16-24 age group, who will be argo

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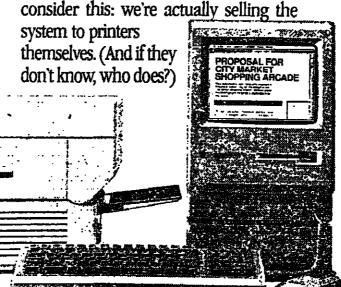
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chairman of the Circum-Pacific troleum, we in the global petroleum Council for Energy and Mineral Re industry will find those supplies of sources, which groups national oil and gas, whether in harsh or geology associations, said there moderate environments, under ice

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The new tough measures annual budget next month. Iran to discuss gas exports with Soviets

BY RICHARD JOHNS IN LONDON

RESUMPTION of gas exports to ternational Management Engineer the Soviet Union is believed to be high on the agenda for talks to be held in Moscow this week by Mr Gholamreza Agazadeh, Iran's Min-Under the complex triangular Under the complex triangular the complex triangular the complex triangular the complex triangular than the complex trian

ficials on mutual co-operation in the adjacent to the border between the field of oil and natural gas," the Is- two countries, thereby allowing lamic Republic News Agency re-ported yesterday from Tehran. Talks about reactivating the

agreement were started towards the end of last year after a suspension of supplies through the Iranian Gas Trunkline (Igat) lasting nearly six years. Iran is desperate to in-crease foreign exchange earnings or increase the scope of its counter

Deliveries through Igat, which has a capacity of 1bn cubic feet per day, and was constructed by the In- put, IRNA reported.

deal the Iranian gas satisfied local We will negotiate with Soviet of Soviet requirements in the region more Siberian gas to be exported to West Europe.

Mr Mohammed Javad Larijani Iran's Deputy Minister for Economic and International Affairs, visited Moscow earlier this month to discuss economic co-operation and regional security.

Mr Agazadeh is also scheduled to visit a number of African and Asian producing states to discuss the Organisation of Petroleum Exporting Countries' efforts to restrain oil out-

Aquino case lawyer links Imelda Marcos to killing

A LAWYER said in Manila yester day that he had evidence linking family of Rolando Galman, whom former First Lady Imelia Marcos to the court decided shot Mr Aquino. the murder of President Corazon Galman was gunned down by air-Aquino's husband, Renter reports port security guards.

Mr Lupino Lazaro told reporters he would seek inclusion of Mrs Imelda Marcos as a principal accused if the Supreme Court ordered a retrial into the 1983 murder of Mr Be-nigno Aquino, opposition leader, at Manila airport.

The Supreme Court will hold an open hearing next Tuesday to consider objections to reopening the case against the 26 men, including Gen Fabian Ver, the former armed forces chief, who were acquitted

I have evidence linking Mrs Marcos to the assassination. I will bring it out in due time when the Supreme Court orders a retrial," Mr Lazaro said.

Mr Richard Lugar, chairman of the US Senate foreign relations committee, arrived in Manila yesterday for talks with President Corazon Aquino ahead of her scheduled visit to Washington next

month. Mr Lugar was expected to discuss Aquino's first visit to the US as President as well as economic and

Geologists expect fresh oil and gas discoveries VAST unexplored parts of the world would remain the world's mainstay

will eventually yield as much oil as fuels. has already been discovered, a lead-

the Arctic Basin alone there is the resources. potential for accumulations of oil and gas which may equal those of offshore, he said, some of them unthe Middle East," Mr Michel Halder one third of the world's sea area

veys have indicated that a sizable extraction for many years but, givpotential exists in the immediate en the economic incentive, solu-Offshore meas," he said.

Mr Halbouty, head of a Houston lems could be found, he said. based exploration company and might also be significant oil and gas or in deep waters. Mr Halbouty deposits under the ice of Antarctica. said. Mr Halbouty said demand for en-

Studies of the Earth's structures ing US geologist said yesterday, had advanced more in the past five Reuter reports from Singapore.

"Many researchers feel that in helping the search for new energy

Many of the new fields would be that had yet to be explored.

tions to seemingly unsolvable prob-

"As long as there is a need for pe-

He said that new fields would onulation growth into the next centu- price returned to about \$30 a barrel ry. He said oil and natural gas from today's \$15.

Rivals line up for decision on French telecom networks

BY DAYID MARSH IN PARIS

THE French Government is due to make a decision soon, probably in early September. on choosing which companies will launch computerised business communications net-works as part of the gradual deregulation of the country's telecommunications system.

International Business Machines, the Paribas invest-ment bank and Sema-Metra, one of France's leading software companies, have already estab-lished a joint venture to bid to offer value-added communi-cations services, aimed mainly at large enterprises wishing to set up their own telecommunications networks.

Government officials yesterday denied reports that the Direction Generale des Tele-communications (DGT), the country's telecommunications authority, had come out against authority, had come out against allowing its subsidiary Telesystems to participate in a competing consortium linking Olivetti of Italy and the Suez financial group. This question has not yet been resolved, they

said.
The Olivetti-Suez-Telesystems grouping, announced earlier in the summer, had already attracted controversy because the deregulated telecommuniof the DGT's own sensitive cations sector marks another
position in the overall telecommunications deregulation Mr Carlo de Benedetti, the

Although officials said yester-



Benedetti: French ambitions

up the new networks, appears as though the IBM/ Paribas consortium has established a position as favourite. Bull, the French state computer group, has also entered the field in association with General Electric of the US as a third contender to start value-

added services.

The bid by Olivetti to enter company's chairman, to build up his general activities in France, recently enlarged day that the Government had France. recently enlarged not made a final decision on through his acquisition of which grouping would be management control of the allowed first in the field to set Valeo car components group.

Copper smelter talks due

refinery and smelting joint venture worth \$250-\$300m with

with the study are the Tianjin Non-Ferrous Metals Industrial Company, Tianjin International

copper from concentrates imported mainly from the Pacific Rim countries. Commentjoint ventures should not always be dependent on Chinese raw materials since

Contracts and Tenders

INVITATION FOR

PRE-QUALIFICATION PRE-QUALIFICATION FOR PRINCIPAL CONTRACTORS FOR THE ELECTRICAL AND MECHANICAL WORKS FOR A NEW ROAD AND RAIL CROSS HARBOUR TUNNEL IN HONG KONG

Kumagai Gumi Co. Ltd. are seeking prospective contractors who possess extensive

Kumagai Gumi Co. Ltd. are seeking prospective contractors who possess extensive experience for the design, supply, installation and commissioning of all the electrical and mechanical services and equipment required for a joint Road/Rail Crossing from the Kowloon Peninsula to Hong Kong Island. The road tunnel is approximately 2.5 km long and the adjacent rail portion, which will be an extension of the existing Mass Transit Railway System, will be approximately 6 km long.

Construction of the Road/Rail Crossing has already commenced and the intention is to let either two principal E&M contracts, one for road and one for rail, or to let contracts on a multi-contract basis. Contracts will be let in June 1987 for completion in August 1989. Prospective contracts with the relevant experience on major contracts.

in August 1989. Prospective contractors with the relevant experience on major contracts and who are competent to undertake the total works and co-ordination or accept individual contracts are invited to make a formal application, which should be accompanied with the non-refundable sum of HKS5,000.00. made payable to Freeman Fox (Far East) Ltd., to obtain the pre-qualification documents by 5th September 1986 from:

Freeman Fox (Far East) Limited 16/F Harbour Centre, 25 Harbour Road, Hong Kong

(The envelope should be marked for the attention of Mr. R. L. Taylor "EHC., E&M

The completed documents are to be returned to the above address by the 30th September

1986 and it is intended that successful applicants will be informed prior to the technical specifications being issued by 1st December 1986.

US\$50,000.000 Floating Rata Serial Nates due 1991
NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 71s. and the Coupon Amount payable February 19. 1887. against Coupon No. 16 will be US\$223.89.

CONTINENTAL (BERMUDA) LIMITED

U.S.S250.000.000 FLOATING RATE NOTES DUE 2006 Guaranteed by Hungarian Foreign Trade Bank Ltd.

NOTICE IS MPARBY GIVEN that for the Interest Period 18th August. 1986, to 18th November, 1986, a period of 02 days, the Rate of Interest will be 6:; per cent. For ansum. The Interest Amount parable on the interest Payment Date 18th November 1986 will be U.S.4.152.78 for each Note of U.S.5250.5do.

Agent Bank DÉAN WITTER CAPITAL MARKETS INTERNATIONAL

August 19, 1986

By: CITIBANK, N.A., LONDON Agent Bank

China plans to invest in Canadian gold mine

CHINA IS planning to invest in a Canadian gold mine in an effort to secure access to western technology and management skills. This would be a rare over-

seas investment by the Chinese mining industry and the first of its kind in gold. Under the proposals, the China National Gold Corporation would sign a joint venture with Hunker Gold, a privately owned Vancouver company, which owns a mine at Hunker in the Yukon. Alternatively, the corporation Alternatively, the corporation would buy the mine outright. Hou Jianping, deputy director of the corporation's foreign affairs department, said yesterday that the investment would total "a few million (US) dollars" and be completed in the next month. The main purpose was for The main purpose was for Chinese mining engineers to learn western mine manage ment techniques, although the mine was small and curthe mine was small and currently unprofitable. Hou said-The Chinese could apply their own experience and perhaps turn the mine around, he added.

The deal is tiny compared with some other overseas metals and mining investments China is making: the purchase of an A\$115m (\$72m) 10 per cent stake in (5/2m) to per cent stake in an aluminium smelter under construction at Portland, Victoria, Australia; the pro-posed acquisition of an interest in the Canner iron ore mine in Western Aus-tralia; and reported Chinese attempts to buy into a copper mine in the western US.

mine in the western US.

However, the latest proposals are an indication of China's intention to expand gold production as economically as possible. Hou said that joint ventures bringing foreign companies into Chinese gold mines had been ruled out "for the time being and we do not expect any change in the short term." A recent joint venture between the authorities in Sinjiang autonomous region in the north west and Galactic Resources, a Vancouver company, was an insignificant exception.

China's gold production has risen rapidly in the last five years, stimulated by high world prices and rising domestic jewellery demand.

ABN Bank

with himsed Hability)

The Managing Board of Algemene Bank Nederland N.V. has declared an interim dividend of Dis. 13.50 per order a share parable expension of the compart of the distribution of the cash dividend of Dis. 2.50 and Coupon No. 70 for Dis. 11.00 or ordinary shares on the basis of the compart of the cash dividend of Dis. 2.50 and Coupon No. 70 for Dis. 11.00 or ordinary shares on the basis of the compart of the

London EL cr.
Alsgemene Bank Nederlam
Manuthester M2 4PD:
Algemene Bank Nederland N.V.,
35 Waterloo Street,
Birmingham 82 5TL,
In Holland ex dividend
August 1986

Legal Notices

EDENDOR ENGINEERING LIMITED

(in valuntary liquidation)

Dated 8th August 1986.

Amsterdam. 15 August 1986.

Diana Smith describes the bidding to install digital switching

Portugal ends battle over telephones

users who grapple with ancient equipment and overloaded exto a leap into late 20th century technology: their telecommunications corporation CTT/TLP is to adopt digital switching.

The corporation will spend nearly Es 170bn (\$1,02bn) over the next decade removing the changes on the brink of collapse and bringing in two digital switching systems. These will be produced partly abroad. partly in Portugal by West Germany's Siemens in association with the Portuguese manufac-turers Centrel, and by ITT-Europe in association with its fully-owned Portuguese sub-sidiary Standard Electrica,

The market has been split roughly 50-50 between Siemens and ITT, after three chaotic years of tenders and cancelled tenders, decisions and revoked decisions that involved two successive governments, muscular lobbies, CTT/TLP technicians, politicians, diplomats and a acophony of conflicting oninions.

When the first bids were invited in March 1985 by a coalition government eager to make a good impression on Portugal's future EEC partners, leading telecommunications sup-

manufacturing in Portugal gave

backed by a determined German lobby and France's Alcatel/Thomson The Name of the State of the St President Francois Mitterrand,

Mr Mario Soares

Canada's Northern Telecom;

Plessey, a former longstand-

or ressey, a former to standard of the country's basic telephone equipment, which had incurred the anger of Portuguese official-dom by suddenly pulling out in 1979 and selling its Lisbon factors to a then unknown

factory to a then unknown Portuguese group, Centrel, for a risible one pound sterling;

• West Germany's Siemens

Oblivious of criticism, the commission last summer, just before a general election, picked Siemens (55 per cent) and Alcatel (35 per cent) and invented a formula for the remaining 10 per cent of the market that was a politician's dream and a technician's night-

They invited the winners (who had quoted prices that did not take long-run costs of local manufacture into account though growing local content was a major aspiration of the authorities) to bid against each other for the remaining 10 per cent by offering local content, technology transfers, training for Portuguese workers, trade promotion (a shibboleth of every Portuguese adminis-tration), and software pro-duction. The commission also decreed that if either winner did not deliver all that was expected of him he would lose 30 per cent of the market to the other manufacturer.

Few protests were heard over the concession of 55 per cent of the market to Siemens, whose association with Centrel

placed with an interministerial commission that ignored CTT preferences, and when Ericsson, Northern Telecom, ITT, ATT-Philips and Plessey were excluded arbitrarily from the bidding, Mutters began of Hague Tribunal proceedings for unacceptable adjudication methods.

premises and 20 per cent of its equity to Alcatel so the French on the French its process that the sentior officials had let their arms be twisted politically by the French lobby into giving Alcatel a market share that it would be technically difficult to

Then came the general election. The minority Social Democrat government that succeeded the Soares administration immediately voiced its displeasure with the proceedings, suspended the results of the tender, re-examined every-thing, confirmed Siemens-Centrel's share, excluded Alcatel and ordered a new ten-

der for the second half of the market. Three bidders came forward: Ericsson, ITT and Alcatel.

This time, the Government vowed CTT/TLP would make the choice. Criteria would be strictly technical: (realistic) price, technology transfer, soft-

ware, financing, etc.
It was known that CTT/TLP favoured ITT System 12-40. But sceptics feared political pres-sure from north of the Pyrenees albeit subtler than the first time round might scare technicians into the direction of a modified Alcatel system which still had

no local partner.
Ericsson's bid suffered from lack of a big technology transfer: a deal mostly involving imports was not favoured for it a strong edge; a personal friend of the then ATT/Philips trying out a partnership; Soares. The fur began to fix when supplied telecommunications to the power to decide was portugal's former African removed from CTT/TLP and sessociation with Centrel imports was not favoured for ensured the continuation of a country trying to build a tele-ontinuation of a country trying to build a tele-ontinuation.

Ottawa seeks helicopter replacement

CANADA IS TO ask inter-national aircraft manufac-turers to tender for an order for 30 to 50 shiphorne helicopters to replace its ageing fleet of Sea Kings, Rabert Gibbons reports from Montreel.

The design and main contractor will be selected in 1980

or 1990. The aircraft will operate from frigate flight decks for anti-submarine missions and ship surveillance. Vertical takeoff and landing fixed-wing designs will also be considered.

Norwegian for Peking Five Norwegian companies making equipment for the hydro-power industry, have joined forces to employ a full-time export envoy to the fast-growing Chinese market, Fay Glester writes from Oslo. Mr. Sigbjorn. Haraldsen, a civil engineer, will start work there on September 1, sharing an office in Peking with Norway's

Export Council.
Mr Haraldsen works for
National Industri—one of the
five—and has made around a
dozen sales trips to China during the past three to four years.

New Zealand accord Dyno Industrier, Norwegian manufacturers of explosives, chemicals, and plasties, has conchemicals, and plastics, has con-cluded a technical co-operation agreement with A. C. Hatrick of New Zealand, which makes synthetic resins for glues used by New Zealand's forest pro-ducts industry, Fay Gjester writes from Oslo. The deal will enable Hatrick to manufacture, under licence, the wide range of resign which Dyno has developed. Dyno itself makes these resins in many parts of these resins in many parts of the world, including Singapore and Indonesia and Western Australia, operating through partly owned subsidiaries.

Wines in plastic bags A Hungarian vineyard plans to sell wine to West Germany in plastic bags, Reuter reports from Budapest. The cooperative at Solivadkert is setting up a joint venture with a Stuttgart company to market Ezerjo white wine, riesling, Kadarka red wine and muscatel. Plastic bags reinforced with aluminium foil and holding five, 10, 20, 30 or 200 litres of the wines will be aimed mainly at West European restaurants,

US industry

at 78.2%

THE OPERATING rate of US factories, mines and utilities fell to 78.2 per cent of capacity

in July as all three industrial sectors suffered declines, accord-

ing to the Federal Reserve

Board, Reuter reports from

In June, industries operated at a revised 78.4 per cent of capacity, up from the 78.3 per

The low factory use rate.

which over the p ast six months has decline? 2.6 percentage

points, was more evidence of weakness in the industrial

sector, which has held overall

economic growth to a sluggish

Last week, the Fed reported

that industrial production had

fallen 0.1 per cent in the third consecutive monthly decline. Because of underutilised capacity, businesses are not undertaking greater capital spending, which would accelerate growth, analysis say.

cent reported earlier.

Washington.

analysts say.

of capacity

running

المعميد التدا

BY COLINA MACDOUGALL

A DELEGATION led by Li Central Engineering and Lanqing, the Deputy Mayor of Tianjin, north China. arrives on August 26 for a six-day visit to The plant will produce livitain to discuss a copper to the produce to the Davy McKee of Stockton.
A feasibility study in partner-A feasibility study in partnering on what is a new type of ship with Outokumpu Oy of project for China, Zhuang Finland is already under way and will be completed by the end of the year. Also concerned mic Relations and Trade, said

Trust and Investment Corporathere could be problems of tion, and the Peking-based supply.

Company Notices

US\$ 500,000,000

Floating Rate Notes Due 1993

In accordance with the description of the Notes, notice is hereby given that for the interest period from August 19, 1986 to February 19, 1987 the Notes will carry an interest rate of 6.063% p.a.

The interest payable on the relevant interest payment date, February 19, 1987 against coupon no 1 will be US\$ 309.89 per US\$ 10,000 nominal and

US\$ 3,098.87 per US\$ 100,000 nominal.

ZAMANA GALLERY, 1 Cromwell Gardens
SW7 01-534 66:2. CENTURIES OF
GOLD-The Courses of Medicaria Islam.
Until 4 Oct Tues-531. 10-5 30: Sun,
12-5 30. Acm. E1.
Tiers 151. Times.

CAISSE NATIONALE DES

TELECOMMUNICATIONS

Floating Rate Notes Issue of US\$300.600.000 1985-2000

For the period of 3 months, from 18 August, 1986 to 18 November, 1986 (92 393), the Notes will be a interest rate of 6.25 per cent per annum. The payable interest due 18 Novembor, 1986 for each mominal Note of US\$10,000 will be US\$162.28.

Clubs

Art Galleries

The Reference Agent

KREDIETBANK

S 4 LUNEMBOURGEOISE

New Zealand

Australia orders clean-air plant

Flaekt of Sweden has received SKr 250m (\$36m) Australian order for sir-pollution control equipment together with John Holland Engineering of Australia, AP-DJ reports from Stockholm.

The Swedish air-handling and

pollution control concern, 51 per cent owned by the Asea heavy engineering group, said it will deliver 12 electrostatic precipitators and ash handling systems for a 1,000 MW coal-fired power station to the State Electricity Commission of Victoria, Australia. The systems will be made in Australia and delivery is scheduled to be completed in the early 1990s.

Inquiry ordered into Air Lanka

SRI LANKA's travel trade and from the Government.

just begun work.

The commission, headed by a former supreme court judge, was appointed by President Jayewardene after Air Lanka came under fire from the World Bank, the country's treasury, de Mel, the Finance Minister, longer operate to Colombo and the opposition parties. Air who is negotiating an IMF loan accounted for a fair percentage Lanka lost Rs 1.24bn (\$45m) of Rs 6.5bn in time for his of high-spending tourist and in 1985. It has received about November budget has been businessmen from Europe, the Rs 4bn in the past three years asked by the World Bank and US and Far East.

The national carrier has

tourism, already badly hurt by
the effects of its ethnic conflict,
faces yet another blow.

A presidential commission of
US. The Foreign Ministry has inquiry into Air Lanka's recur- also objected to an attempt to ring losses and alleged mis-management and corruption has Johannesburg.

Air Lanka. which recently purchased or leased
Jumbo jets on loans raised abroad, has drawn heavily from the treasury to cover rising operational costs. Mr Ronnie

the IMF to stop helping "sick public corporations.

With the shadow cast over Air Lanka's future, the prospects of the tourist trade appear even bleaker. Last week Nepal Airlines decided to drop Colombo from its regional schedule. It is the sixth airline to pull out of Sri Lanka in the past 20

While Royal Nepal Airlines carried Buddhist pilgrim traffic, the other airlines which no longer operate to Colombo

AMERICAN NEWS

Robert Graham reports on reaction to the Austral Plan

Inflation looms in Argentina

has returned to haunt Argentina and the credibility of President Raul Alfonsin's economic policy is being given a rough ride.

The July inflation figures published last week showed a sharp jump from 4.4 per cent to 6.8 per cent. This is the highest monthly rise since the stabilisation programme, the so-called Austral Plan,

was introduced 13 months ago.

The public has reacted with the visceral reflexes inherited from the not-so-distant days of hyper-inflation. There has been a rush to buy parallel rate for the austral against the dollar by 10 per cent.

Mr Jose Luis Machinea, undersecretary for economic policy and a key co-ordinator of the Austral Plan, admits ruefully: "We didn't expect the figures to be so high."

The Government, however, reacted quickly and without any sense of panic. Interest rates were raised by as much as 25 per cent and the austral devalued by 3.22 per cent against the dollar. This was the twelfth and largest exchange rate adjustment since the Austral Plan was introduced.

By remaining firm, and already warning that the August inflation figures could be equally high but then peak, the Government appears to have weathered the immediate crisis of confidence. Fighting inflation has been the

central feature of the Austral Plan. But for the first seven months of this year there is now an accumulated inflation rate of 33 per cent and the July figures give an annua-lised rate of 119 per cent. The Government blames season-

al rises in foodstuffs, the need to placate a militant and highly unionised labour force, and deteriorating

The business community puts a slightly different emphasis. While accepting these elements, blame is also attached to the limitations of the original Austral Plan and the inability to provide adequate followup measures when it was relaxed in March. According to Mr Roberto Favelevic, president of the Argentine In-

dustrialists Association, the Austral Plan's price freeze lasted too long. "I accept that the Government had to break our inflationary habits; but they became enamoured with the results of the price freeze dollars, at one stage pushing up the and prolonged it unnecessarily," be

This nine-month period of frozen prices allowed considerable repressed inflationary tendancies to build up - especially as not all prices had been properly adjusted when the Austral Plan was introduced. The moment prices were re-laxed in March, inflation jumped from 1.7 per cent to 4.6 per cent. They have not fallen below 4 per

cent since then. Mr Favelevic also maintains that the Government has failed to hold spending sufficiently in check. The public sector deficit has been

Government has allowed high wage settlements among public sector employees and continues to have difficulty sorting out the complex debt-ridden finances of the provin-cial governments. Many of the latters' budgets are overspent but little has been done because of the political sensitivities of provincial hier-

More generally, wages have been allowed to recoup their lost spending power. Wage settlements since the area of the economy which most here, too, there are p March have been at, or above, the escaped the control of the Austral to what can be done.



Mr Raul Alfonsin

Government's 11 per cent ceiling for quarterly rises. The Government has been anxious to head off industrial action from the opposi-tion controlled Peronist trade unions who have been behind a series of large politically-motivated

protest strikes. In addition, the Government has wanted to stimulate demand, paving the way for a broad-based ecokept on target as a result of in- nomic recovery. GDP this year is creased tax receipts but all the set to increase 4 per cent (recov-while public spending has risen in ering the ground lost in 1985) and real terms by about 60 per cent. The industry is now running at over 75 per cent of capacity. In some sectors, such as textiles, it is closer to

> The business community after nine months of low inflation found itself in a substantially improved financial position and at a company level wage demands have not been strongly resisted since March.

> The demand for higher wages has been prompted by price rises in the service sector. This is precisely

Plan price freeze. Fees for professional services - from doctors and lawyers to plumbers and carpenters and items such as education, health care and restaurants have all raised charges regardless of the Rises in the service sector were

subsequently compounded by the seasonal increase in foodstuffs, especially meat during the winter

months. Even with the new squeeze on liquidity through higher interest rates, government officials believe that August inflation figures will al-so be high, perhaps close to 7 per

The Government has to rely on monetary policy as its principle weapon. To resort once again to price freeze, or slap on too obvious wage curbs so soon after being relaxed would cause serious political damage to President Alfonsin.

It remains to be seen what influence the IMF will have upon Government policy. Conversations with the IMF are due to begin on a new standby arrangement before the end of the month.

The IMF is expected to urge Argentina to speed up structural reforms in the economy which were promised as part of the Austral Plan. Government officials themselves admit that the process of privatisation has been slower than hoped for largely because of difficulties in co-ordinating the necessary legislation.

However, the private sector has remained sceptical of the value of investing in the few companies so far brought forward as candidates for privatisation.

More effort will also be made to trim bureaucracy and control provincial government budgets, but here, too, there are practical limits

Production landmark for Boeing

By Michael Donne, Aerospace Correspondent

BOEING, THE world's biggest jet airliner manufacturer, has just rolled out its 5,000th commercial jet, a 737-300 twin-engined airliner, at its Renton,

engined airliner, at its kemion.
Seattle, factory.
The first Boeing 707 fourengined let was rolled out on
October 28, 1957, nearly 29
years ago. Since then the aircraft already in service have
flown about 63.2bn miles; catrying over 5.6bn miles; catrying over 5.6bn miles; partying over 5.6bn passengers. During those 29 years, the company has built an average of more than 14 aircraft a month, or one aircraft every one and a half working days. Boeing has built 980 707/720.

four-engined jets, 1,832 tri-jet 7275, 1,275 twin-engined 7375, four-engined 747 Jumbo jets, 109 twin-engined 7375, and 150 twin-engined 767s in the period. It is now working on the twin-engined 737 prop-fan airliner for service from 1992. The Boeing total represents about 55 per cent of world production of jet airliners, excluding those built in the Eastern bioc countries.

Regional phone companies get green light

BY PAUL TAYLOR IN NEW YORK

NOTICE IS HEREBY GIVEN that the Creditors of theabove-named Company are required, on or before the 28th day of August 1986, to send their names and addresses, with particulars of their debts or claims, and the names and sideresses of their Solicitors (if any), to the undersigned, Simon Winstow Chandler of Borough House, Ruedu Pre. St. Peter Porte, Guernsey, C.I., the Liquidator of the said Company, and if so required by notice in writing by the said Liquidator, see, by their Solicitors or personally, to come in and grove their said debts or claims at such time and place as shall be THE SEVEN US regional telephone erations such as cellular telephone, (AT&T) in the 1984 break-up of the geographic areas.

and prove their said debts or claims ut such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts arep roved. This notice is purely formal and all known Creations have been, or will be, paid in full. SIMON WINSLOW CHANDLER, Liquidator, Companies need not apply for prior his own rules.

permission to offer specialised op
Judge Greene suggested that the

holding companies spun off from paging and computerised answer-American Telephone and Telegraph ing services outside their regions. ing services outside their regions.

The appeals court decision marks

Bell System have won another key a reversal of a previous ruling by court ruling which could hasten District Court Judge Harold their expansion outside their own Greene, who presided over the Bell System reak-up. It is thought to be A federal appeals court in Wash- the first time the courts have overington ruled that Bell Telephone ruled the judge's interpretation of

regional telephone companies the rules and perhaps even the end should concentrate on providing a of Judge Greene's day to-day overhigh quality local telephone service sight of the industry. and he has expressed surprise that they should seek so aggressively to expand out of their geographic ter-

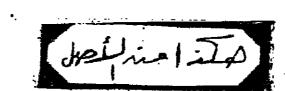
ritories and to diversify away from supplying only telephone services.

The ruling also comes at a time when the Reagan Administration

The court ruling means that the

regional companies will be able to expand their services without seeking Judge Greene's approval first

The ruling follows an appeal by three of the seven regional holding and some industry members are companies, US West, Bell Atlantic lobbying hard for a relaxation in and Pacific Telesis.



TECHNOLOGY

DAVID FISHLOCK looks at Sperry's commitment to artificial intelligence.

Joint research the key to expert success

(tana

The state of

1

turer has made a more overt effort to declare its confidence in artificial intelligence (AI)—giving computers the ability to ape human indgment—and in its own ability to capitalise com-mercially on the new technology. "Technology leverage" is the key to competing—whether with IBM or Japanese manufacturers —on this expensive new battle-ground, Dr Joseph Mathias told

is responsible for a research budget of about \$40m, about one tenth of the \$420m the company plans to spend on re-search and development for computing systems this year. But he also has responsibilities for co-ordination in some of the key areas concerned with leverling with MCC, the American research co-operative which is studying "enabling technolostudying "enal gies" for AL

By leverage, Mathias means that while Sperry's near-term up new technological opportuni-ties, they can lever themselves into a much more competitive position against a big spender such as IBM.

These cooperative efforts to Al include: Membership of the 21company MCC (Microelectronics and Computer Technology Corporation), which includes several other computer com-

panies but not IBM. Joint ownership with CDC (Control Data Corporation) and Honeywell, of MPI, which develops advanced disc storage.

78.5

THE WAY

CAN SPERRY, the US computer supported by all US semiconcompany, which spends only one-tenth as much as IBM on research and development, hope seriously to score at artificial intelligence, the new frontier for optical disk storage. of Japan, on printers and optical disk storage.

computing which promises to emerge as a major commercial sector in the early 1990s.?

• Collaboration with Texas sector in the early 1990s.? No large computer manufacmachine for developing AI

Collaboration in AI research with universities in the US and

One further cooperation also deserves mention: the recent merger with Burroughs to double the size of its computer business, although Sperry executives admit they have still to discover what this might

ground, Dr Joseph Mathias told a recent seminar on AI at the Sperry International Management Centre-near Nice.

Dr Mathias, vice-president for research and technology with Sperry's information systems, products and technology group, is responsible for a research and electronics in the computer and electronics industry. computer and electronics indus-tries go about conducting some of their future technology activities."

The 21 member-companies (shareholders) of MCC have formed a consortium for common research programmes, the results of which they are free to apply to their own in-house product development or design. By US law, however, MCC is forbidden to develop products.

MCC is now on the campus at Austen University in Texas. technology programmes are This year is has a research bud-co-operative efforts with other get of about \$65m, almost 400 companies. The theory is that, employees, and seven research by sharing the cost of opening programmes at the frontiers of computing technology. It is funded entirely by its own shareholders and will accept no government contracts.

Already its success has encouraged the creation of other research consortia, such as the Semiconductor Research Cooperative, Mathias says. He is a member of MCC's technical advisory board, on which sits a representative of each share-holder.

Provided they support at least one, shareholders are free to choose which of MCC's four develops advanced disc storage.

main research programmes they

Membership of the Semiconductor Research Cooperative,
grammes are in computer archihas recruited an excellent cations of AL

THE EVOLUTION OF EXPERT SYSTEMS NEW CONCEPTS IN ADB ANALYSIS AND NATURAL PROCESSIA G INTELLIGENT INSTRUMENTS APPLIED ARTIFICIAL ROBOTICS INTELLIGENT EXPERT SYSTEMS VERY LARGE HYBRID SYSTEM



tecture (including AI), software productivity, computer-aided design and the packaging of semi-conductor chips. Only three shareholders are backing all four of these programmes, one being Sperry, at a cost of \$6m

The AI part of the programme faces three main challenges, Sperry is already doing things Mathias says. One is Project Proteus, which aims to produce an expert system shell faster Burroughs, Sperry's program and part between the Programme and part and part a part a part and than Kee, Sperry's present product (made available by Intellicorp). The target is also to give such a shell some powers of reasoning, in order to provide an intelligent interface, especially for the office.

Natural language is another challenge. The third is a commonsense knowledge base as a way of guiding the expert system when it sate chust.

Left: Dr Joseph Mathias, Vice President research and tech-nology at Sperry. Right: Mr Abe Armonl, Technical Mar-keting Manager at Sperry's European centre for Artificial intelligence in Madrid

scientific staff, Mathias says, of which 70 per cent have been recruited outside the sharehold-ing companies. Technology transfer began only this year but already new technology has been transferred to the share-

But has the experiment been a success? It is too soon to say -- still an experiment "--but one that appears to be working, he says. Sperry cannot yet claim to have got value for money. According to John Loomis, Sperry's director of long-range planning, MCC has already cost Sperry about \$30m in severage for and research. in entrance fee and research support from 1983-87. "My big problem is to con-

vince our management to keep the investment in MCC going,"

Burroughs, Sperry's new partner, however, is not a shareholder in MCC. It was invited to join at the start, but declined.
In-house, Sperry has organised a centre of AI activity at
Bloomington, Minnesota, called
its Knowledge Systems Centre. This focuses all corporate AI interest, civil and military. It

reports directly to a main board director, Joseph Kroger. way in guining the Experts system when it gets stuck.

By paying generously—some centre in Reston, Virginia, salaries exceed \$100,000—MCC engaged in research and appli-



This summer it has started European counterpart to its Bloomington centre, in Madrid, to serve Europe. This centre is headed by Abe Armoni, tech-

than 75 expert systems already under development, ranging from battle management systems radar siting, and cock-pit control, to computer fault diagnosis and advanced manufacturing aids. According to Armoni, the company has over 300 people on its payroll working on more than 30 AI projects. For instance, projects at Reston include threat assessment, signal exploitation, and training in AI; and at its Phoenix, Arizona, laboratorie voice interpretation using AL. Dr Mathias predicts that by the early-1990s experts systems will have established them-

selves as a very important part of revenue base."

nical marketing manager.

Sperry claims to have more briefing. The assumption that the

Market niches for industrial programme makers

than 3,234 films and video-cassettes newly available to users. In variety, these will not fail to met the most esoteric

needs for moving pictures on specialised subjects: contact lenses, the textile industry in the USSR, consumer law, snakes (this one from Talwan), the

Poisson process (not fish, but a mathematical model in statistics), marine navigation, wind tunnels, judo, squash, cricket—even a few about

prostitution.

Most of these and thousands

of other subjects are available

on videocassettes as well as film
— almost a moving picture
equivalent of the British

FILM AND

VIDEO

by John Chittock

community.

It is not only the technology

of video which is encouraging

BRITISH television and China able sense, especially for any-are currently in the news with one working in Britain—which a major deal in which the BBC has an extraordinary track is selling programmes to record in the documentation of China's national TV network; moving pictures and the applicais selling programmes to China's national TV network; an arrangement financed through industrial advertising tion of them to education and learning. The classic example of this remains the British National Film & Video Catologue, which in its 1985 annual volume listed details of no less and sponsorship-with 300m

viewers in prospect. There is, however, another marriage of television and China with—for at least one man—a more exciting prospect in view: he is "the deodorant salesman who sees China as 2bn armpits." The quote comes from a new two part video pro-gramme, The China Business Briefing. Despite this some-what tasteless line, the training pack-complete with booklet-is a generally excellent example of the kind of material now available for the businessman or industrialist seeking specia-lised information via video.

The concept of targeted in-formation like this is not new. The Financial Times itself made a 16mm film many years ago on How to do Business with the Japanese. The China pack is, however, supported by sponsor-ship from Standard Chartered Bank, British Telecom and International Herald Tribune. Because no self-respecting company of size is nowadays without a VCR, the ease with which moving pictures can be seen on video has opened up an extraordinary reference library or data base for the modern businessman.

The high cost of programme production for a relatively small market is now increasingly ameliorated by sponsorship, as in the China business package—and in a new information technology programme from Price Waterhouse, The Organi-sotion. The latter is a dramatised account of a company upgrading its computer network; but it is from the school of talking heads, a style far less compelling than the lively visual appeal of the China

nessage alone will carry the



on people's jobs—and how companies introduce new technology

to their workers. This particular offering—We also Need Fred and Bill—uses advanced publicity to remind us that the effect of new media on business is not peculiar to the business is not peculiar to the 1980s. The story is told in its press release of a New York undertaker in 1910 who was losing business, despite a healthy death rate; the reason—his rival a block away had installed the latest piece of information technology—a telephone. telephone.

An important phenomenon created by the rise of the specialist audience and its accessi-bility to producers is the use of the medium as a political weapon by minority groups. Politicians have used film ever since Lenin said: "Of all the arts, for us film is the most im-portant." But film has been expensive and only available to those with money and the means of distribution. Video has dramatically changed that with programmes in Britain which have argued the case for the miner's strike, CND, Greenham Common protesters, government cuts, and a range of trades union issues.

These low-cost messages are becoming more professional too, as a sampling of one of the Library, Some programmes are latest exemplifies. Northern Newsreel is a quarterly video broadcast material re-issued on videocassettes (eg Channel Four's The Living Body series; Third World Debt from LWT). Channel bulletin "for the labour movement and community organisations." The second issue covers topics such as the UK Govern-ment plan to privatise water Many others come from spon-sors, and more recent releases of this kind that will surface in next year's catalogue include works, racism at work, unem-ployment and US "aggression." next years catalogue include such unlikely subjects as armoured vehicles from Alvis, the first of twice-yearly reports by the Prison Officers' Associa-Well-made and generally wellargued, this programme should make the right wing sit up and take notice; because video is becoming the medium of the tion, and a 30-minute video from the DHSS to describe a new British government initiative to help long-stay patients to leave hospital and rejoin the left, providing a direct channel of communication with the

But party politics apart, the collective views of business and industry — especially in a capitalist society — are also thinly represented in what is available on video. It is almost the proliferation of unusual capitalist society — are also subjects. The policy of Channel Four in catering for minority interests on broadcast television as if issues beyond the factory loyalty of any viewers in search of knowledge is dangerous, and nowadays more video programmes are achieving the quality and impact of broadcast television.

Using video as an information resource now makes consider—

interests on broadcast television has helped to raise the stature of the specialised programme- future historians place more dependence on moving pictures as a research resource instead of literature — as surely they will — whose view of our times will emerge with the greatest credibility?



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(, <)

Digest of cases reported in the Trinity Term

had Mundogas's authority only to enter into a charterparty for a year. When Mundogas tendered redelivery to Armagas after 12 months Armagas refused to accept it. In upholding a Court of Appeal decision that Mundogas was not

In a dispute involving a charterparty and a sub-charterparty, the charterers were held liable to the owners and the sub-charterers to the charterers in two separate arbitrations. The owners unsuccessfully applied for a remission and the charterers sought the same relief in the sub-arbitration. to pay for his losses, the firm's funds together. The judge awarded costs against the owners that included the charterers' costs to the grounds that he (a) wilfully and reckthe charterers. In allowing and/or (b) wilfully and reckthe charterers' appeal against a lessly failed to make such included the charterers' appeal against a lessly failed to make such included the charterers' appeal against a lessly failed to make such included the charterers' appeal against a lessly failed to make such included the charterers' appeal against a lessly failed to make such included that discharge the cargo at "one main Italian port to be declared." The charterparty also stipulated that discharge the cargo at "one main Italian port to be declared." The charterparty also stipulated that discharge payment for goods by credit was to be the responsibility of card the essence of the transaction of "profits" indicating that it meant income.

Re Charge Card Services Ltd "one 18)

Where a customer makes a payment for goods by credit was to be the responsibility of card the essence of the transaction of "profits" indicating that it meant income.

Where a customer makes a payment for goods by credit was to be the responsibility of card the essence of the transaction of "profits" indicating that it meant income.

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Where a customer makes a payment for goods by credit was to be the responsibility of card the essence of the transaction of "profits" indicating that it meant income. charterers sought the same

inimical to English procedure that a request of a Californian court for depositions in this form ought to be refused, Mr Justice Evans said. Although video recordings of evidence given in English courts were not ing a Court of Appeal decision that Mundogas was not vicariously liable for Mr Magelssen's deceit, the House of Lords stated that his employers were not contractually bound by his signature because they had done nothing, either by words or conduct, to induce Armagas to believe that he was acting in the lawful course of their business.

Aiden Shipping Co Ltd v Interbulk Ltd (FT, June 4)

In a dispute involving a charterparty and a sub-charter additional stress.

Lipkin Gorman v Karpuale Ltd and Another (FT. June 10)

Where a partner in a firm of solicitors was a compulsive gambler, using the firm's funds

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In a motion by one of the parties to an arbitration appeal to set aside or remit the award which dealt with fees and that part of the expenses on the grounds that £75 an hour for board members was much too first instance decision that Sun high. Mr Justice Staughton Life of Canada was liable for stated that the court would not intervene unless (i) it was satistion of average liabilities of average liabilities and a state of the suprage stated that the court would not intervene unless (i) it was satisfied that the fees could properly be described as extravagant; or (ii) it was apparent that the umpire seriously misunderstood his duty as regards the assessment of fees. On the question of the taxation of the legal the tax liability on investment adviser's fees, however, the hoard members could be said to board members could be said to ance company, while assur-base seriously misunderstood 316 of the Income and Corpora-their duty by failing to ask for the income should be

buyers nominated a port which their vessel could not reach.

Sun Life Assurance Of Canada v Pearson (HM Inspector of Taxes) (FT, June 17)

The Court of Appeal upheld a carefully. Thus that part of the award comprising the charges of the legal adviser was to be set aside.

Lurico SpA v Philipp Bros (FT, June 13)

The sellers of a cargo of rice,

Armagas Ltd v Mundogas SA

(FT, June 3)

By a contract of sale Mundogas agreed to sell a ship to Armagas. Mr Magelssen, Mundogas's vice-president and chartering manager thersupon signed, purportedly on behalf of Mundogas but without authority to do so, a three-year charterparty with Armagas. He had Mundogas's authority only on the laif of Mundogas's authority only on the laif of Mundogas's underwriters (FT, June 6)

Armagas Ltd v Mundogas SA

(FT, June 3)

Lords held that it was in the bank and the firm did not altowate fi entering all main ports, were between them might be settled the by crediting the supplier's monimated a reaction of contract if the by crediting the supplier's the supplie by crediting the supplier's account and debiting the customer's account with that company. Thus, the process did

solvency. The customer was discharged, at the latest, when the supplier's account with the company was credited, not when the supplier was paid.

Hennessy v Graigmyle & Co Ltd interest therein.
and Acas (FT, June 20)

Re AGA Estate After disagreement with his employers, Mr Hennessy, on the advice of a conciliation officer, agreed to accept a lump sum in settlement of all claims. Therewas reached under economic duress, as well as purporting to exclude the statutory employment protection provisions. The Court of Appeal held that while the common law recognised economic duress as a basis for avoiding a contract, it had to be shown that the will of the con-

wound up. In upholding a first instance decision that the money should go back to the liquidator of Multi Guarantee, not depend on the company's the Court of Appeal stated that on the totality of the evidence, Vallances had failed to show that when Multi Guarantee transferred the money into the joint account, it effectively divested itself of all beneficial

Re AGA Estate Agencies Ltd

(FT, June 25) Although section 353 (6) of the Companies Act 1948 allowed after he brought his complaint ter of a company that had been before an industrial tribunal on the ground that his agreed on the struck off, a petitioner had to creditor at the date when the company was dissolved, Mr Justice Harman stated. AGA Estate Agencies Ltd was no longer in existence when the petitioner lent money in August 1972 to a fraudster who had once controlled the company. tractor was overborne, so there was no real alternative open to him. In fact there was a was no real alternative open to him. In fact there was a very clear alternative available to Mr Hennessy, namely to complain to an industrial tribunal and to draw social security meanwhite. In re Multi Guarantee Co Ltd (FT, June 21)

Multi Guarantee Co Ltd and Hold property registered in the company's name that, if sold, could satisfy the petitioner's genuine claim, he had no locus standi to petition under section 353(6).

This digest of Trinity Term cases will continue tomorrow and concludes on Friday.

By Aviva Golden

Freeports struggle to pass the test of survival

BY ANTHONY MORETON, REGIONAL AFFAIRS CORRESPONDENT

A CRISIS at Britain's freeports hoping that the Government will could have been predicted from the change the tax rules in make the day that they were launched. They zones more attractive to investors. faced indifference from the Government, strong opposition from the Civil Service bureaucracy and the location between England, Northern Ireland, Scotland and Wales, The result is that of the six free-

ports announced in February 1984 success, one has not started to mar-estate ket itself and three are in deep trou-

In theory, freeports offer a pana-cea for many trading problems. They are areas in which goods may be imported, processed and re-ex-ported free of all customs duties. Goods produced or assembled in them attract duty only if they are later shipped into the country in which the freeport resides.

A typical freeport activity might British zone. After packaging with figures rose to 75,000 tonnes and literature printed in the language of £36m. the country of destination, the

goods are then shipped on.

Most freeports operate in the US,
Latin America and the Far East and Colombia may employ up to both places.

Prestwick airport (Scotland) and the past two years putting in the in-Mr Fred McClenaghan, director of marketing for the Northern Ireland Airports Authority, the freeport op-erator, the companies in the zone are there more for their proximity to the airport than for access to the

Grants in the rest of the province are so high, he argues, that there is little incentive for a company to site itself within the freeport.

The picture elsewhere is even worse. At Cardiff, nothing has been done on the site at all. The developer C. H. Pearce, a Bristol building company, has spent more than £300,000 on marketing and presenting its case to government for the right to run the zone. It has had more than 400 inquiries according to Mr Peter Clark, managing director of Pearce, "but not a single prospective customer."

The future is equally bleak at Prestwick, where Dr James Boyle, chairman of the freeport, says that "development has been much slowworst disadvantage of all - a need development has been much slow to demonstrate equal treatment of ar than expected. Dr Boyle is now considering whether it might not be better to pull down the accurity fence behind which the freepart operates - or should operate - and only two have had any measurable simply run the area as an industrial

British trade is now increasingly geared towards Europe. The logical place for freeperts was, therefore, on the east coast. Yet none is there Two freeports - Liverpool and Southampton - can claim a mea-

Mr Frank Hobotham, manager of the Liverpool zone, says that in the first year after it opened in December 1984, the area handled 40,000 be the import of a piece of hi-fi tonnes of cargo worth £24m. In the equipment from the Far East into a first six months of this year those

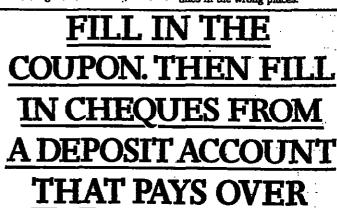
At Southempton, Mr Andres Kent reports that since the start of operations in January this year the freeport has traded with 30 counwhere they are big employers of latries and business was "quite enbour. The two zones in South Korea couraging." However, neither has are said to employ more than 120,000 people and others in Taior a number of new arrivals. In wan, Singapore, Mexico, the US work terms, development is slow at

The last of the six, Birmingham The six British sites - Belfast (Ulster), Cardiff (South Wales) South operator. Slough Estates, which is ampton docks, Birmingham airport, backed by the Prudential, has spent Liverpool docks - probably employ frestructure and is only now about no more than 450. The largest number to market the port, Dr Boyle blames no more than 450. The largest number, about half that total, is to be Customs and Excise for the failure found at Belfast and, according to of the freeports to make any im-

"The department has rigidly in-terpreted the rules and regulations that apply to us. They have always maintained that freeports were not necessary in the UK since Britain was, in effect, itself a freeport. They said duties could be offset when goods were exported. "In order not to be proved wrong

they then saddled freeports with bureaucratic regulations which have discouraged people from coming in." Dr Boyle said.

That is, however, only part of the reason. The Government itself was lukewarm towards freeports and was forced into accepting them by MPs' pressure. It has, therefore, been unsympathetic to pleas for a loosening of the Customs regulations. On top of this, the Government appears to have undermined nt echoed by Mr freeports by choosing the wro





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Accounts. Sterling US Dollar

BY GEORGE GRAHAM AND TONY JACKSON

and highest ever, the Department of Trade and Industry said yesterday, although still 12 per cent lower than June's record volume. Sales volume was 4.3 per cent higher than in July 1985, and officials said the trend was still firmly upwards.

In the three months from May to July retail sales volume was 1% per cent higher than in the previous three months and 4 per cent higher than in the corresponding period of

Retailers questioned by the Con-federation of British Industry also reported buoyant sales last month. The July CBI/FT survey of the dis-tributive trades showed the fastest sales growth since November, with even faster growth anticipated in

Sales of household goods re-FT survey, however, detected heal- their sales this year into July. thy increases in sales by grocers

BRITAIN's shoppers continued their spending spree last month and retailers expect their sales to be even higher in August.

Retail sales in July were the second higher than the proposed to the second higher than the second hi

the major focus of UK economic activity so far this year and is expected to provide the mainstay of growth. Consumers have had more to spend in real terms as average earnings, rising at an underlying rate of 7% per cent a year, have out-stripped retail price inflation, now down to 2A per cent over the past twelve months.

Although the DTI covers far more retailers than the CBI/FT survey, some analysts yesterday doubt that retail sales had really fallen from June to July, as the Depart-ment's provisional figures suggest. They thought that the DTI probably overstated June's sales volume.

By value, sales in July averaged £1.775bn a week, compared with only £1.74bn in June. Although this would be consistent with higher mained strong, officials said, al- sales volume in June if prices were though sales of food, clothing and cut then for summer sales, several footwear had weakened. The CBI/ retailers said that they had delayed

TORY GROUP SEEKS ACTION TO LOWER RIOTS RISK IN DEPRIVED AREAS

Call for cash to aid inner cities

F International shows

FINTERNATIONAL the computer technologically skilled women

software company with 817 freel whose family commitments made it ance programmers, nearly all of difficult for them to work standard

them women, has reported a record office hours, said the rise followed a

81 per cent increase in pre-tax prof- crucial change in the company's di-

record rise in profits

THE GOVERNMENT will have to Iain Pickton, chairman of the take further urgent action to im- group, claims the fabric of the naprove conditions in Britain's inner cities if it wants to avoid more riots, according to the Tory Reform

The group, which represents moderate opinion within the Conservative party, says that the Gov-ernment has made a start on tackling the country's inner city prob- sor. He adds: "There are hundreds ems, but it argues that more mon- of thousands of skilled but unem-

In a report on inner cities, Mr work. Add Government expendi-

BY FIQNA THOMPSON

its for the year to the end of April. rection.

On sales of £9.1m, up 20 per cent on 1985 turnover of £7.6m, the com-

tion is "embarrassingly tatty, unkempt and in parts positively slum-

Mr Pickton criticises Mr Nicholas Ridley, the Environment Secretary, for cutting back housing expenditure from the levels requested by Mr Kenneth Baker, his predecesey will have to be spent to overcome a catalogue of problems which still less firms, large and small, willing exist.

exist.

ture, limited and targeted, and you have a recipe that not only reduces unemployment but also improves stock and housing deprivation. It is crying out to be done and the Government must act."

The group, which is currently compiling its own proposals for the revival of inner cities, says the list of inner urban problems is now "de-pressingly familiar." It sites "crumbling infrastructure, poor housing and decaying environment and underclass of the very old, the very

young, the unskilled, the uneducat ed and the ethnic minorities.

The result, the report claims, is: concentration of acute social probabuse, mental illness, homelessness

gramme and that derelict land grants have risen by a similar amount. But it says that although says that the migration of workers the Government is demonstrating from the cities, has left behind an its concern much more has to be

at offshore rig yard BY CHARLES LEADBEATER

lems such as drug and alcohol UIE, the offshore rig yard on Clydeand isolated elderly people.

The report acknowledges that the Government has doubled in real terms, the value of the urban profew days make over half its 520 full-time workers redundant, the company announced yesterday. the yard are a About 280 full-time workers will term contracts. be issued with redundancy notices

after talks between the yard's management and unions broke down vesterday afternoon. Workers will hold a mass meeting their response to the company's an-

> UIE, owned by the French group Bouygues Offshore, said last night: "A restructuring plan is necessary for the yard to remain viable and credible at a lower level of activity."

The company said the redundancies were forced upon it by the contraction in oil exploration and drill-ing which had followed the oil price

Although the yard is bidding for two new contracts, it does not expect to generate enough work to keep on all the permanent work-force of 520.

Three contracts, including one of the largest rigs yet built, the Mr Mac, will be completed in the next

vised in October last year that it bank in Scotland, will in the next would maintain a permanent workforce of 520 even when work was slack. Between 850 and 900 staff at the yard are employed on short

UIE to make half of

workforce redundant

Union convenors at the yard had argued that these temporary work-ers should be laid off before any permanent workers were made redundant. They say this has been tomorrow morning to decide on the normal practice with past redundancies

> This will be the third cut in the permanent workforce since 1980. when the yard had a full-time nucleus of 1,250. The convenors maintain that with a permanent workforce of around 250 the yard will no

> longer be a major rig builder.
>
> The yard, formerly owned by John Brown, was taken over by Bouygues Offshore two years ago. It has had four owners since the early 1970s.

The redundancies are the lates in a series which have hit the offshore sector in recent months Workers at Smiths Dock in Middlesbrough, north-east England, yesterday voted overwhelmingly to call off their fight to keep the yard open. Over 80 per cent of the workforce voted to accept the severance

Survey's findings Page 8 **TUC helps mineworkers** meet strike costs

BY PHILIP BASSETT, LABOUR EDITOR

TRADES UNION Congress (TUC) which fell within its provisions, the aders yesterday decided to donate to the South Wales area of the Na-Union of Mineworkers (NUM) £35,000 to help meet legal the 1982 fund, and relates specif-costs arising out of actions brought ically to the legal action brought in against the area in the 1984-85 coal the strike against the South Wales

The decision by the TUCs fi- Act. nance and general purpose committee illustrates its continuing readi- ter-based road haulage company ness to assist unions in difficulty was nimed at lifting picketing, and with the Government's labour legis- when it was not complied with, the

The donation does not affect the the TUC to help it over the cost of

the year long coal strike.

Though both the TUC and the NUM insisted publicly when the request was considered by the committee in June that the TUC had not in a senarate development, the rejected the claim, the TUC has still not acted upon it and shows no

signs of doing so. At the time, the TUC told the NUM that its claim could not be met from the TUC's fighting fund set up in 1982 to help dateat Conser-vative employment legislation, but that if there were any areas of costs

committee would be ready to con-

Yesterday's money is drawn from area under the 1980 Employment

The action, brought by a Glouces area's funds were sequestered.

NUM's national standing claim for ing the area affoat financially during the area affoat financially during the sequestration had cost the The NUM told the TUC that keepnational union substantial sums. The £35,000 voted on yesterday is in addition to £50,000 voted earlier for

> In a separate development, the TUC decided to give £50,000 to the general print union Sogat 82 to help defray its legal costs arising in East London

The donation of the money was made after receiving an appeal for assistance from Sogat.

MP threatens boycott of Nissan opening

NISSAN's official opening ceremony of its car plant in the north-east of England will be boycotted by a Labour MP if the openmony next month is performed by Mrs Margaret Thatcher, the Prime Minister, Michael Cassell writes.

(COU

Mr Roland Boyes, MP for Houghton and Washington, in whose constituency the plant is located, said: "I would not sit down with Mrs Thatcher, whose policies have led to so much unemployment in my grea. Nissan said it declined to say who would be constituted that they was the plant for your than they was the was they was the was they was the was they was they was they was the was the was they was th

would be opening the plant "for rea-sons of security."

O MERCANTILE House Holdings, the UK financial services company, and its stockbroking subsidiary, Alexanders Laing and Cruick-shank, are to set up a securities dealing company in Hong Kong for UK and other international institutional investors. The company, which will have

paid up capital of HK\$20m (£1.7m) will be a joint venture with Winfull Securities, a Hong Kong stockbro-king firm whose ritents are mainly Chinese small investors. Each com-pany will have a 59 per cent stake. □ SIX of the leading UK timeshare boliday dayslopers have annumeed a common set of standards after re-

cent criticism of some sales meth-ods. The Timeshare Developers Group has agreed that documentation must be clear and legally verifiable. There will also be a minimum five working day cancellation peri-

D THE DEPARTMENT of Energy published a guide to solar radiation in 13 cities, intended to help archi-tects to harness the sun's energy for

Mr David Hunt, minister for renewable energy sources, said: "Di-rect solar design is economic and popular in the lighting and building of homes and offices.

The book, Climate in the UK, is available from HMSO at £19,95. O SEVEN former Kenning Motor Group car and commercial vehicle dealerships are being closed and 120 staff made redundant after the group's takeners by Tozer, Kemsley and Millbourn in May. Closures represent about 20 per cent of the old Kenning retail network.

Doctors to pay more for claims cover

By Hazel Duffy

HQSPITAL doctors and general practitioners employed by the Na-tional Health Service will be paying higher subscriptions next year for insurance to cover them in the

event of damages claims.

The Medical Defence Union and the Medical Protection Society announced yesterday that they were raising their subscription rate for doctors from £336 this year to £576 in 1987. The two associations pro vide cover for more than 100,000 doctors and dentists in the UK.

The increase does not apply to dentists nor to doctors with less than seven years in practice of certain minority categories within the

Doctors find themselves joining other professions which are facing hig rises in professional indemnity insurance premiums. The problem is most acute for accountants, with some big firms facing 100 per cent

increases this year. It stems from the increasing difficulty that brokers have in placing insurance in this category arising from nervousness over big claims against auditors in the US and two large claims by the UK Govern-ment and the Bank of England over De Lorean car company and Johnson Matthey Bankers.

Solicitors and architects face similar problems, although their prem-ium increases and difficulty in getting adequate cover have not yet reached the proportions faced by accountants.

The doctors' subscriptions rise relates to two factors: the growing tendency of the public to resort to litigation and the size of settlements imposed where the plaintiff is suc-

Dr Kathleen Allsopp, deputy sec-retary of the Medical Defence Union, said yesterday. The trend in damages awarded by the courts, or agreed between parties out of court, is rising steeply. In 1981-82, the largest sums were under £400,000. In 1985/86, they were

The process of settling personal injury claims is also painfully slow with the result that procedural costs are going up. Settlements to-day often go back to cases of neglidence that occurred 10 years ago.

nearer £700,000."

Complaints upheld over trade union ballots

BY DAVID BRINDLE, LABOUR CORRESPONDENT

COMPLAINTS ABOUT conduct of the Transport and General Workers' Union's (TGWU) controversial executive council elections last winter have been upheld for a third time by the Government's Certifica-

"We turned from being a technological company to being a marketpany made pre-tax profits of ing-led company," said Mrs Shirley. £615,097, compared with £340,158 Instead of being geographically based, the sales force has been di-Mrs Steve Shirley, managing divided into sectors: financial servector, who founded the company vices, distribution, community, and 24 years ago with a group of other science and engineering.

After earlier rulings on ballot irregularities in London and in the south-west of England the officer reported yesterday that there had also been shortcomings in the elections in the western Scottish divi-

This latest report indicates the extent of defects in the organisation of TGWU elections before improve ments were agreed. The complain ant happened to fall between two union branches, both of which failed to meet their obligations un-der the Trade Union Act.

The Certification Officer, who is responsible for overseeing union elections covered by the Act, found that Mr Robert Haggarty, the com plainant, had been deprived of a vote in each branch

The trade unions say the company is breaking an agreement reish Shipbuilders.

terms offered by state-owned Brit-



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as possible, among people in all walks of life. Next month, the TSB Group Share Offer will be made to the public. And we hope you'll consider it most carefully. The minimum investment you can make will be about £400, payable in two instalments: about £200 now and the remainder in about 12 months' time.

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UK NEWS

CBI/FT SURVEY OF DISTRIBUTIVE TRADES

Retail sales volumes at peak for year

BY GEORGE GRAHAM

umes grow more strongly in July reporting lower volumes, leaving a ported worse sales than a year ago than in any other month this year, ed this month, according to the latest survey of the distributive trades carried out by the Confederation of British Industry (CBI) and the Financial Times.

Annual on, we per cent of retaining to the latest sales were good for the time of year, compared with only 11 per cent who felt that sales were stronger than expected in July, with a balance of 25 per cent, and a balance of 28 per cent expect.

Grocers reported good increases in sales last month and remain opti-mistic for August. Shoe shops also had good sales in July, while retailers of durable household goods are among the most optimistic sectors for the coming month. Car retailers saw some improvement and expect a strong upturn in sales this month. Not for the first time this year, the survey, carried out between July 21 and August 8, conflicts with the Department of Trade and Industry's (DTI) figures for retail sales in July. The DTI reports a fall

The CBI/FT survey, however, shows better sales by retailers than at any time since November 1985. About 65 per cent reported higher

enerse in June

balance of plus 51 per cent.

In addition, 39 per cent of retail- gust.

by the overall survey of distributing in line with expectations, wholesaltors, 61 per cent reported higher ers ordered more than they had exsales volumes in July, compared pected. with 20 per cent reporting lower volumes. The balance of 41 per cent expected their orders volume to rewas the highest since February.

gust, only 11 per cent expected worse, leaving a balance of 44 per cent. Retailers are more positive than wholesalers, who are in turn parts and accessories. more positive than motor traders, the survey shows.
In the wholesale sector, builders' in retail sales after a very sharp in-

best increases in sales volumes in

RETAILERS SAW their sales vol- sales volumes, against 14 per cent machinery and office equipment reand expected this to continue in Au-

> Of the total of 640 wholesalers, re- ed to place more orders in August. tailers and motor traders covered While retailers' orders in July rose

> Motor traders, however, who had main flat in July, reported a sharp While 55 per cent of all distribu-tors expected better sales in Au-continued, though slower, orders growth in August. In contrast with previous months, vehicle sellers were more positive than sellers of

> Stock levels show little change with the overwhelming majority of In the wholesale sector, builders' respondents still regarding stock merchants experienced some of the levels as adequate. Of all distributors tors questioned, 24 per cent report-July and remained the most posi-tive about August. Wholesalers of industrial materials, agricultural each felt their stocks were too low.

Less risk capital goes to US

By William Dawkins

BRITISH RISK investors are pour-ing less cash into the US, while small UK businesses are getting a bigger share of finance, according to the British Venture Capital Asso-

The amount invested in UK ventures by the association's members nearly doubled to £277.5m in 1985 -85 per cent of the £325m total - according to the group's annual report released yesterday.

US businesses attracted £38m of British venture capital, down sharply from 25 per cent to just under 12 per cent of the total.

"The US has been through a very difficult period for investment," said Mr Colin Clive, the associasau ar Com Cive, the sesting tion's chairman. But the growth of the British venture capital industry and all the publicity it has attracted has definitely created more proposals. They are getting better in quality as people begin to learn what venture capitalists won't accept."

overall investment, up by 70 per cent from the previous year's £190m, is partly because of a strong growth in membership. In 1984, the association's members repres around two thirds of UK ventur capital investment.

Now the body accounts for almost half of industry activity, though its 67-strong membership leaves out most smaller venture capital

Association members invested in 635 companies in 1965. Most of the money went to ventures receiving risk equity for the first time, with maining £36m, or 13 per cent of the total, going into follow on fi-nancings of existing venture-

TUC move to avert split on labour law

BY DAVID BRINDLE, LABOUR CORRESPONDENT

EFFORTS will be made today to prevent the credibility of the pact combine resolutions and amend-between the Trades Union Conments for debate, there are likely to gress (TUC) and the Labour Party on employment law from being undermined by a split over pre-strike gress, ballots at the TUC Congress in two

the pact union and party leaders nied that his union's move was at fear it will be tarnished if the variance with the TUC-Labour pact; Transport and General Workers' Mr Alan Tuffin, general secretary Union (TGWU) presses a move to of the Union of Communication delete from a separate resolution a Workers, said it would be seen to reference to secret individual prestrike ballots.

statutory framework of employment law requiring unions to in-clude in their rule books provision

The pact will be voted on seps a statutory right to have an "indi-

asked to participate in industrial ac-

Although there is little prospect siasm for compromise: Mr. Ron that Congress will fail to endorse Todd, TGWU general secretary, de-

be attempts to fudge the issue and

keep the split off the floor of Con-

However, the two principal pro-

tagonists have shown little enthu-

"put back the clock." trike ballots.

It is a resolution tabled by Mr
The pact includes proposals for a
Tuffin's union that the TGWU, the biggest TUC affiliate, with 1.43m

clude in their rule poons provided for "secret ballots about strikes."

The resolution the TGWU wants expected to support it. Mr Todd said expected to support it. Mr Todd said yesterday. "I am a supporter of the TUC-Labour document and it is not vidual secret ballot before being inconsistent to question the wording of a motion that goes beyond it in stipulating pre-strike ballots."

Nimrod deadline altered

tion."

THE GOVERNMENT has extended tions and would not influence the rod airborne early warning radar borne early warning systems. meets operational requirements.

in October, instead of early Septem- Norman. ber, to prove its redesign of the rad-ar and its electronics.

the deadline for GEC to satisfy the appraisal by the ministry of the Ministry of Defence (MoD) and the competing bids by six other compa-Royal Air Force that its £900m Nim- nies or groups for alternative air-

The other groups include Airship The company making the radar, Industries, Boeing, Grumman, GEC Avionics, has until some time Lockheed, MEL and Pilatus Britten

Boeing is to hold a press confernce today to give more details of The ministry said yesterday that its own bid, Grumman is to hold a the decision to extend the deadline conference on its hid tomorrow, inby a month was "a procedural mat- dicating that the main competing ter to keep the contract going." The companies are still seeking to infludecision had no financial implication at the MoD.

gw mi

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" Kate Congress of the same

Notice of Redemption and Expiration of Conversion Rights to Holders of

Miles International Inc.

4 1/2% Subordinated Guaranteed Convertible Debentures Due 1993 (Guaranteed by Miles Laboratories, Inc.)

YOU ARE HEREBY NOTIFIED, pursuant to Section 4.04 of the Indenture dated as of June 15, 1968 (the "Indenture"), among Miles International Inc., a Delaware corporation ("Miles International"), Miles Laboratories, Inc., a Delaware corporation (successor by merger to Miles Laboratories, Inc., an Indiana corporation) ("Miles") and Citibank, N.A. (under its former name Laboratories, Inc., an Indiana corporation) ("Arties 1 and Citioanic, N.A. (under its former name First National City Bank), as trustee (the "Trustee"), providing for the issue of the above-described Debentures (the "Debentures"), as amended and supplemented by the provisions of the First Supplemental Indenture dated as of January 8, 1979 (the "Supplemental Indenture"), among Mikes International, Mikes (under its former name Rhinechen) Laboratories, Inc.) and the Trustee, that Mikes International has called all of the Debentures for redemption on October 1, 1993 (the "Budgeration Dato"). The Debentures will be exchanged in 1993 (its and the adjusted). 1986 (the "Redemption Date"). The Debentures will be redeemed at 100,25% of the principal

amount thereof plus accrued interest to the Redemption Date (the "Redemption Price") aggregating a total of U.S. \$1.016.35 for each U.S. \$1.000 principal amount of Debentures redeemed. The Debentures will become due and payable and, upon presentation and surrender thereof (with all coupons appertaining thereto maturing after October 1, 1986), will be paid at the Redemption Price on the Redemption Date, at the option of the holder, (a) at Cibbank, N.A., Bond Redemption Department, 5th Floor, 111 Wall Street, New York, New York 10043, or (b) subject to avolicable laws and regulations, at the main officers of the Tentral in London Control of the Control of the Popular of the Printing in London Control of the Printing Inc. subject to applicable laws and regularions, at the main offices of the Trustee in London (City Office), Brussels, Paris, Amsterdam, Frankfurt/Main and Milan or the main office of Banque Generale du Luxembourg S.A. in Luxembourg. Payments at the offices referred to in (b) above shall be made by a check drawn on a bank in New York City or by transfer to a dollar account maintained by the payer with a bank in New York City. On and after the Redemption Date interest on the Debentures will cease to accrue.

on the Debentures will cease to accrue.

As an alternative, pursuant to the provisions of Section 3 of the Supplemental Indenture, each U.S. \$1,000 principal amount of Debentures may be converted, at the option of the holder thereof, into the fixed amount of U.S. \$758.11 in cash (the "Conversion Price") by delivery of the Debentures (with all coupons appertaining thereto maturing after October 1, 1986) to any of the above offices, accompanied by written notice that the holder thereof elects to convert the Debentures. As promptly as practicable after the receipt of such notice and such delivery of such Debentures and coupons, there shall be delivered at said office to such holder, or on his written order, a cash payment as specified above. At the close of business on the Redemption Date such conversion rights will terminate. Holders of Debentures should note that the Redemption Price is larger than the Conversion

August 19, 1986

Miles International Inc.

Any payment made upon the redemption or conversion of the Debentures in the United States or by transfer to a dollar account maintained by the page with a bank in New York City may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withhold ing at a rate of 20% if payers not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W 8, certifying under penalties of perjure that the payer is not be. United States person or an executed IRS Form W 9, certifying under penalties of perjury the payer's taxpayer identification number temployer identification number or sacral security numbers to payer's taxpayer identification number to paying the ber, as appropriate). Those holders who are required to provide their correct respayer identification number on Internal Revenue Service Form W 9 and who fail to do so may also be subject with penalty of \$50. Please therefore provide the appropriate certification when presenting your

SIEMENS

Information for Siemens shareholders

New capital spending record

Higher net margin and more employees than last year

As anticipated, Siemens did not attain last year's unusually high level of sales during the first nine months of the 1985/86 financial year (ending 30 September). However, in line

with medium-range goals, there was a rise in the number of employees and a substantial expansion of capital spending. It was also possible to increase the net profit margin.

Sales

Owing to the billing of three nuclear power plants, last year's third-quarter sales leaped 38% to £12,282m; because no comparable projects were billed in the period from 1 October 1985 to 30 June 1986, sales at £9,954m were 19% below 1984/85 levels. Apart from the power plant sector, there was a slight overall sales growth of 1%. Even more strongly influenced by the fluctuations in power plant billings were sales figures for the German domestic market. Here, total sales at £4,678m remained 32%

gains of 10% outside the power plant sphere. At £5,276m, international sales were 2% below the previous year's total, owing to the conversion of a weaker dollar into German marks.

below last year's comparable levels despite

in Em			1/10/85 to 30/6/86	Change 86 from 85
Sales	8,928	12,282	9,954	19%
Domestic business	4,127	6,898	4,678	-32%
Intern. business	4.801	5.384	5.276	- 2%

New orders The level of new orders reflected the absence of new power plant contracts and currency changes. Worldwide new orders of £11,333m were 7% down on the same period last year; excluding the power plant business, the level of order intake was maintained. New orders in the German domestic market, at £5,483m, were 5% below the comparable figure for last year. However, if the power plant business is excluded, Siemens groups achieved a growth rate of 7%. Two-figure growth was recorded by the Power

Engineering & Automation Group, the Communication & Information Systems Group, and the Electrical Installations Group, International new orders declined by 8% to £5,850m - again as a result of a weaker dollar.

in £m	1/10/83 to 30/6/84	1/10/84 to 30/6/85	1/10/85 to 30/6/86	Change 86 from 85.
New orders	10,730	12,147	11,333	- 7%
Domestic business	5,381	5,764	5,483	- 5%
Intern. business	5,349	6,383	5,850	- 8%

Orders in hand

Orders in hand climbed 6% to £16,999m. Inventories have grown 18% to £6.229m since the beginning of the financial year.

in £m	1			Change 86 from 85
Orders in hand	17,585	16,060	16,999	+ 6%
Inventories	5,901	5,279	6,229	+18%

Employees In the first nine months of the current financial year, the total number of employees increased 3% to 357,000 worldwide. Siemens now employs 244,000 people in the Federal Republic of Germany and Berlin (West), 4,000 more than at the beginning of the financial year. Outside Germany, the workforce increased from 108,000 to 113,000. An average of 353,000 people were employed during the period under review compared with 334,000 in the same period last year. Employment costs rose 7% to £4,596m.

in thousands	30/9/84	30/9/85	30/6/86	Change 86 from 85
Employees	328	348	357	+ 3%
Domestic operations	224	240	244	+ 2%
International operations	104	108	113	+ 4%
	1/10/83 to 30/6/84	1/10/84 to 30/6/85	1/10/85 to 30/6/86	Change 86 from 85
Average number of employees in thousands	321	334	353	+ 6%
Employment costs in £m	3,847	4,298	4,596	+ 7%

1/10/83 to 1/10/84 to

787

2.5

407

191

2,1

1/10/85 to | Change

293

2.9

993 +26%

Capital spending and net income

In pursuing it's growth targets, Siemens increased capital expenditure and investment to £993m in the first nine months of the current financial year, mainly for new high-tech factories. This was 26% more than in the same period last year and double the amount spent during the full financial year 1982/83.

Net income after taxes was £293m, yielding a net profit margin of 2.9% as against 2.5% for the compa

parable period last year.	
·····	
unts translated at Frankfurt middle	rate on 30/6/1986; £1 = DM 3 3650.

All amou

Siemens sales in billions of DM 60 Power plant sales 40 81/82 84/85 82/83

Siemens shows continuous sales growth and fluctuation in power plant business

in £m

Capital

expenditure and

investment

Net income

after taxes

in % of sales

The level of power plant sales is determined by the billing dates of contracts, while all other areas show continuous sales growth. Siemens sales rose from DM 35.3 billion in the 1981/82 financial year to DM 43.2 billion last year and will top DM 45 billion in the current year. The power plant business contributed additional sales of DM 4.8 billion in 1981/82, 3.4 and 7.5 billion in the following years, and last year power plant sales even reached DM 11.4 billion. However, in the current financial year the contribution from the power plant business will swing back to around DM 3 billion. This means that Siemens steady growth is affected by fluctuations in the power plant business.

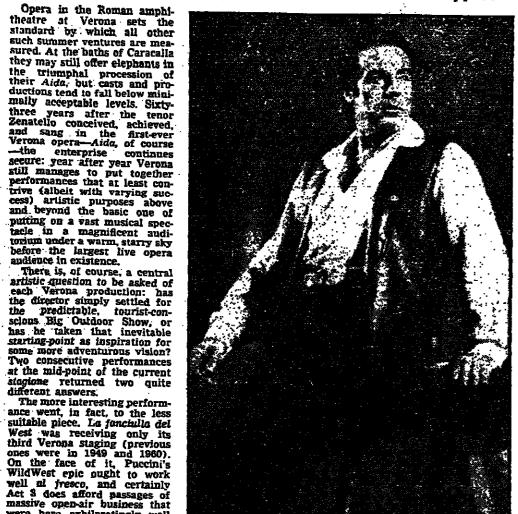
Siemens AG

In Great Britain: Siemens Ltd. Siemens House, Windmill Road. Sunbury-on-Thames Middlesex, TW16 7HS

THE ARTS

Fanciulla and Aida/Verona

Max Loppert



Giorgio Casellato Lamberti as Dick Johnson

Zefferi, and designer, Luciano tain pathways and wooded Ricceri, rose bravely to Act 3, valleys that lined the acting setting scores of male chorus space—the choral-fresco side of members scuttling up and down the (reasonably faked) moun-

with care, not always with satisfactory resolution (the sight of arrivals and exits, mostly on horseback, made prior to those prescribed by Puccini usually diminished a carefully calmonic property of the same o diminished a carefully calcu-lated dramatic effect). Yet all the same the difference this opera and what the composer himself called "Boheme, Butterfly & Co" was made newly and spinoidly clear the the heartfalt includes a few control of the control of th

vastness of available space was a problem to be solved—always

by the heartfelt involement of all concerned. The conductor, the well-named Maurizio Arena, who allowed some "traditional" cuts in Act 1, maintained tradi-tion in a more positive manner by means of a reading that kept everything flowing and in its natural, unobtrusive place. Many of the intricate scorein devices that the magnie Puccini purloined from Debussy and Ravel suffered a sea-change, with strings and wind in odd intermittent imbalance; but the larger set-pieces - such as the return of the borrowed tune "Old Dog Tray" to the finale of Act 3 — were wonderfully rousing.

In an opera so dependent on its large male cast and chorus, a good collection of Italian supporting singers (including the veteran tenor Florindo Andreolli as the bartender Nick) and an excellent Italian chorus are in the strictest sense incompar-able. Verona collects several sets of principals for its long season. On this occasion Minnie and Dick Johnson were two solid, dependable, honest players, both more common on Italian stages than internationally, who both seemed to rise higher than one expected them

Olivia Stapp was the heroine, touching, believable, and very secure; Giorgio Casellato Lam-berti doesn't always keep his

Puccinian) aspects, really tenor rang out very dashingly gained here. But elsewhere the __ "Ch'ella me creda" was re-— "Ch'ella me creda" was repeated, a just-forgiveable lapse into another kind of tradition-alism. Giampiero Mastromei's dull, heavy sherriff was the single, not very serious, weak-

> The current Verona Aida, an historically accurate rievoca-zione of the 1913 Verona origi-

nal, has gained wide fame through its publication on video; next year it goes to Luxor for an Egyptian season already much publicised. The fame is unjustified; the video is dull, but this year's per-formance was even duller, a going-through-the-motions on a ggigatic, impressively well-drilled scale that made one wonder what on earth Aida was really about — or whether indeed it was about anything at all (it is, but not in Verona). A cast of not-so-golden oldies was no help; Fiorenza Cossotto's Ameris is still forceful but now horribly hard-toned and sour, Franco Bonisolli's Radames superficial, Bonaldo Giaiotti's Ramfis windy and boring, like a provincial Sarastro in the

wrong opera.

Involvement was invited by Gwyneth Jones in the title role, a single pinpoint of emotional warmth amid the huge cardboardy doings achieved elsewhere. But there were no soft high notes (the Nile aria was a near thing), no legato phrases, and only a very few lustrous single sounds to remind one of the singer's to remind one of the singer's (unfulfilled) promise in the same role at Covent Garden nearly 20 years ago. The audience, which had been relatively thin for Puccini, was squeezed in at every corner; flash bulbs went off so often that the production seemed to be lit by haphazard strobe effects. This was Popular Opera at its most efficient and least

To turn Cinderella's story into a mime played out by dolls; to world like pigs in frocks. A entrust the choreography to a gimmick of the staging is that modern dance practitioner, and the Fairy Godmother, the Prince cruelly to truncate Prokofiev's and Cinderella should be given to wonder, as the evening wore score: these are the dubious outfits that are decorated with ideas behind the Lyon Opera flashing lights — an effect that

Ballet's Cinderella, seen last soon proves wearisome.
week at the Playhouse. The result is a foolish and ignoble enterprise, the worst ballet pro-The action proposes that the cast should behave like ill-mannered children — greedy, belligerent, clumsy—and to ram duction that I can recall at the Edinburgh Festival.

Curtain-rise reveals a stage largely filled with a giant dolls house, various bald and bulginghome the message, the music is interspersed with recordings of infant gurglings and squal-lings. And were this not cheeked dolls' heads looming at enough, we have the sight of Maguy Marin's dances to con-tend with. These amount to us from its upper storeys. The Lyon dancers are disguised in similar fashion, heads enclosed trottings, gestures and skipping, entirely consistent as a view of what small children can do, in dolls-masks (such a help to expressive performance), several wearing hideous padded but infinitely dull in the

Monserrat theatre, even when the score

to wonder, as the evening word dismally on, how it was possible not to make movement which responded, even in dreariest fashion, to the richness of Prokofiev's musical imagination. I can but report that Mlle Marin has found a way: throughout this macabre experience, I could discern nothing of dance interest, nor one rewarding theatrical image. All that remains is the memory of padded grotesque capering about the stage while one of the major ballet scores of this century went unheeded, and the Cinderella legend was reduced to the level of a cheap comic-



Cinderella/Edinburgh Festival

Clement Crisp

Baroque glories of Dresden's Augustan age

In February 1768 Goethe seen in Germany this summer, arranged in a number of secvisited Dresden, the capital of Unlike previous Dresden shows tions which aspire to the Saxony, and walked into the Baroque in Dresden sets itself original setting at the court renowned royal picture gallery. the task of evoking one clearly museum: the picture, marbles Much later the famous poet defined epoch of the city: the and medals collection, the reminisced about his elation: Baroque of the late 17th and prints and drawings, the "I stepped into this sanctuary, 18th century. And it succeeds. amoury, the manufacture of and my amazement outstretched one is tempted to relish the every notion I had conceived experience in Goethean terms. This self-reflecting hall, in The Baroque was an which splendour and polish reigned together with the double sense because it owed its every notion I had conceived.

This self-reflecting hall, in
which splendour and polish
reigned together with the
utmost silence... gave a feeling of solemnity similar to the
impressions with which one
enters a house of God, even
more so... as many an object
of devotion seemed once more
to have been displayed solely

experience in Goethean terms.

The Baroque was an
Augustan age for Dresden in a
treasures called the "Green
Vault." But the visitor is well
advised to ponder a while in
the reception hall over displays
drawing in the general cultural
elected King of Poland in 1697
and thereby raised his palatinate state of Saxony to a kingto have been displayed solely to have been displayed solely dom of considerable power. The to the holy purposes of art." to the holy purposes of art."

were here exhibitatingly well realised. But the gist of the piece, for all its cries of "Hello!" and "Whisky per tutt!" and "Whisky per tutt!" is an intimate romantic

confrontation with a poker game at its apex—and romantic

intimacy is at a natural dis-

Dresden Goethe knew. t the "Florence of the Elbe," a jewel of European cities, vanished forever in the tragic bombing raids of February 1945. Incredible to think that even a shadow of its former glory could be recreated, either by the rebuilding of its famous palaces, or by the ingenious display of the art treasures that escaped destruction. And yet, serious attempts are being made; only recently the Semperopera house has joined the group of historical buildings that have raised themselves from the ruins, and some years ago The Splendour of Dresden was revealed to an American

steel-city of Essen is the un-likely site of another major Dresden retrospective. The picture gallery which had its rather forbidding residence of the Kripp family, Villa Hügel, astride a wooded hill above an artificial pleasure lake created wonder of the world, Raphael's wonder of the world, Raphael's out of the Ruhr River and thus Sistine Modonna.
remote from the drabness of the The character of

tinued the union with Poland until his death 30 years later. The two princes pursued a policy of precarious balance between the super powers, suffering only in the last years at the hands of the militarism of Prussia. But above all they will be remembered for their enlightened artistic patronage.

Theirs was the age of the music of Bach, the sculpture of Permoser, the porcelain of Böttger at Meissen, the organs of Silbermann, the early writings of Winckelmann, Italian and German architects changed the face of Dresden; Bellotto respectively of Essen is the unstable of Essen; selected to record it for arrived to record it for posterity. The pride of it all was the gallery of marbles, among them some of the first teel-city of Essen is the unstable. to have been dug up at Herculaneum, and more so the picture gallery which had its

wealth created by the expand-ing textile industry and above all by the vastly increased levels of silver mining. This spurred technological advance on all fronts as well as the growth of the larger cities, above all Dresden. Though less comprehensive than the industrial revolution in England, the cultural effects were broadly similar. Böttger turned from alchemy to the invention of porcelain and experimented with materials and shapes as Wedgwood was to do soon after. The early Meissen earthenware is most satisfying to look at in its creamy brown and dark grey

royal patronage in the highest degree; one particularly rich SecGods. A landscape etching mine had a commemorative by Hercules Seghers, rare as his medal coined which shows in works are opens a microcosmic the most intricate detail all the underground shafts. This is just one example of the attention paid to the art of silver medal making. The prince elector sea-piece which entered the col-Johann Georg had a beautiful lection in 1659 as one of the jewel-studded miner's outfit made in 1675; it was paraded remote from the drabness of the The character of the Dresden in the royal wedding of 1719 Dresden. Poussin marks the city, hosts one of the most collections and the particular when the mining community classicizing other pole of magnificent exhibitions to be flavour of Dresden Baroque is celebrated a spectacular noc-

recorded in an engraving. cn the Nile, enacted by
The unity of the arts, the statuesque figures in a heroic nniversality of myth and man, landscape, a work of repose and concept the Baroque, is a concept the Dresden court pursued more devotedly than others, with its elaborate pageantry, fireworks, stagecraft. pageantry, fireworks, stagecraft.
A particular credit of this exhibition is that it documents this with a fine selection of drawings of splendid proces-

sions and courtly entertain-ments in which the Gods mingled with men. The gallery of marbles lifts the collection onto the plain of ancient Roman virtues while the mythological theme is continued in the bronzes collection. The stylised art of Giambologna is represented with two highly finished pieces, a flying Mercury and the Kentaur Nessus raping Dejanira, and an attractive Baroque flourish imbues the group Selene discovering Endymion by the French sculptor Cornelis van Cleve. Masterpiece follows masterpiece in the prints and drawings collection. Tiepolo's Scherzi is placed next to the Carceri by Piranesi—two gifted artists in their freest mood of pure fantasy and imagination. There is the enig-matic Melancolia by Dürer and The silver mines enjoyed Mantegna's antiquarian interest exemplified by the Battle of the

> world. In the picture gallery there is an early Rubens, Hero and Leander of c.1802, a swirling earliest signs of a change of taste towards the Baroque at

turnal feast of Saturn, as Abandonment of the boy Moses Mars before Troy and Dosso Dossi's Arcangel Michael.

Returning to the front hall and studying Bellotto's pains-taking records of the buildings and the daily life of Baroque Dresden, vanished long ago and obliterated off the face of the earth, one wonders why it is that the Augustan epoch of Dresden blends so well into this organisers have taken the couragous step of reinstalling the villa to its original neo-Baroque appearance, which the post-war years had covered up under neutral white boards. The massive coffered ceilings and the parquetry floors have reappeared to evoke such lavish places as the "Green Cabinet;" a flat wall niche emerged to take in the Chinese porcelain display just as it would have appeared in the Schloss at Dresden.

Günter Kowa

Barbara Cook to return to London

American singer Barbara Cook is to return to London, following her successful season at the Donmar Warehouse, with a new full-length show called Wait 'til you see her. It will play nightly from Tuesdays to Sundays at the Albery Theatre for a limited season, starting | September 9.

Simon Boccanegra/Albert Hall

William Weaver

The reproduction of Glynde- haunting evocation of the leading role, Geoffrey Moses bourne's Simon Boccanegra at Ligurian seascape, were three the Proms on Sunday night in a semi-staged concert perform-ance was only a semi-success. men incongruously waving flags? And why was the platform-stage regularly crammed Actually, for the most of the with p audience it seemed a total suc- effect? with people, giving an uneasy authence it seemed a total suc-cess, for the applause at the end was long and enthusiastic and, it must be said, indiscriminate: the splendid LPO was given the An unstaged or semi-staged performance can also lead singers to overact. Succumb-

ing to this temptation, Timothy same extended ovation as the singers, none of whom really deserved such a fuss.

Curiously, any consideration of this concert must start with overacted also with his voice, as Simon, stomped about the platform, wringing his hands, shaking his head, gesticulating. Unfortunately, he overacted also with his voice,

replacing an indisposed Robert Lloyd — indicated some of Fiesco's stately hauter but little of his implacable ferocity. Mario Malagnini sang like an Italian tenor, not like a Genoese aristocrat. The Paolo of Gordon Sandison and the Pietro of Alastair Miles were more impressive.

Bernard Haitink's reading was not always subtle, but it brought out many felicities of Verdi's great score. The orchestra played with verve and style. the production of Stephen Law-less, which was frequently intrusive and even puzzling. Why, for exampe, during the mysterious and lovely orthografic. Prelude, was Simon seen serene, more concerned with receiving the tribute of the sound than sense. The voice throng, when he was not yet the Doge? And why, during the shimmering, barcarole-like form. Words were rarely distance introducing Act 1 a tinguishable. And, in the third of the evening.

The Noble Savage/ITV

Andrew Clements

Sooner or later someone was over into adult life as practisbound to make a film about Percy Grainger, and it is probably just as well that Barrie sive ideas could never be fully Gavin got in first. His docuachieved in his music—was mentary, screened throughout hard enough to encapsulate in the ITV network on Sunday 90 minutes of interviews, music evening, almost fell over itself trying not to be sensational, and attempting to place the seedier aspects of Grainger's life in a proper context. For that quite extraordinary mixture of ideas —the brilliant concert planist their memories, while the compute the ferreent regist who prevents. attempting to place the seedier aspects of Grainger's life in a proper context. For that quite the fervent racist who neverthe less believed in the brotherhood of nations, the child prodigy whose mother-fixation carried

ing sado-masochism, and above all the composer whose progresand narration, without leaving the impression of a mere Simon Rattle discussed the man and his music more dispassion-ately. Rattle conducted his Birmingham orchestra in a

natural man—"the noble along until he thought it time savage" — whose atavistic to stop. Some of his inventions instincts had to be taken seriously.

Perhaps so, but the awkward proved quite intractable when

piece should be, and that in the three-minute spans of some of his works could be found the level of achievement that a more conventionally minded composer would have spread across half an hour. Non-believers might argue that while musical ideas in them-selves are easy enough to come by, it is the very act of working them out over substantial spans of time that mark out the great composer from the simply ingenious inventor of sounds Gavin is adept at putting together images, words and music, overlaying Grainger's music with leaving too many loose ends:
" leaving too many loose ends:
" many of Grainger's pieces are
concise enough to siot easily
into the short spans of television. No one tried to synthesise all the paradoxical facets
of the personality; Stevenson
argued that Grainger was a
natural man—"the noble

suggested that Grainger denies received ideas of what a master-

question always tactfully pitted against the practicalities skirted was the ultimate quality of providing music for the conof the music. Rattle generously cert hall.

Chamber Orchestra of Europe

Andrew Clements

The Chamber Orchestra of Europe is now five years old, the players have managed to with a vividness which stays just retain a good deal of the keen on the right side of selfness and exuberance that conscious mannerism. marks out the best of young people's orchestras. The appetite followed, and received the same for excellence that persists is high-profile freatment. Abbado clear in every detail of its playing an extremely effective urgent ing. Saturday's Prom at the conductor of Brahms, and in Albert Hall began with Wag- a work which can easily lapse ner's Siegfried Idyll, treated so into lethargy was able to under-often as a warm-up for the line its symphonic aspirations remainder of the programme and detect the beginnings of the but here conducted by Claudio thematic rigour that the older Abbado as a symphonic poem composer would put to such use of great intensity, shaped into The playing was highly charged climaxes of unexpected power enough to demand an encore to provide vivid cameos.

In Mozart's E Flat Piano Con-Europe is now five years old, certo K271 the penetration and firmly established and begin individuality of the woodwind ning to challenge for a place was again a very positive as one of the most consistent attribute. It matched Andras and accomplished of all small orchestras. It sprang from the European Community Youth of the solo part, intent on wring-time the solo part, intent on w far outstripped those beginnings characterising the faster music

Brahm's D Major Serenade and with eloquent instrumental and got two of them, delivered solos—superb clarinet and horn with the same mixture of panache and energy.

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Opera and Ballet

Arts Guide

Peri: Eurydice by the Jean-Marie Leher company conducted by Bea-trice Berstel. Choreography by Welkenhuyzen (Tue Spm). Auditor-ium des Halles, 5 Porte Saint-Eust-ache (4764 9080).

Lucca: (IXth Festival of Marlia and Lucca), Teatro del Giglio: Don Giovanni conducted by Herbert Handt with Paolo Coni, Greziano Polidori, Anne Marie Smith, Svetland Haltunnen and Valeria Esposito, directed by Beppe Menegatti. (Production in collaboration with the British Council). (48 290).

Pessare: Teatro Rossini: Il Turco in Italia conducted by Rico Saccani and directed by Emmanuele Luzzati, with a cast which includes Ruggero Raimondi, Lucia Aliberti, Enzo Dara and Edoardo Giminez. (3 31 84). Lucca: (DXth Festival of Marlia and

(3 31 84). Verona: Arena di Verona: Revival of the 1913 production of Aida, conducted by Daniel Oren, with Gwyneth Jones, Nunzio Todisco and Bruna Baglioni; Un Ballo in Maschera conducted by Gustav Kuhn (re-cently appointed musical director of the Rome Opera) with Maria Chiara, Luis Lima and Silvano Carroli: one of the best productions of this year's Arena season (28 151).

VIENNA

Volksoper: Die Fledermans and Die Zauberflöte.

NEW YORK

August 15-21

New York City Opera (NY State Thea-tre): The week features the new pro-ductions of Don Quichotte, conduct-ed by Mario Bernardi and directed by John Copley, and Werther, con-ducted by Sergiu Comissiona in Lof-ti Mansouri's production, along with Cendrillon, Die Fledermaus and Madena Butterfly Lincoln Canter Madama Butterfly. Lincoln Center (870 5600). Out-of-Towners Series (Dance Thes-

reprint of Towners Series (Dance Thea-ter Workshop): The ninth annual in-vitational dance, mime and perfor-mance whirtwind features this week Henlen Dannenberg from San Fran-cisco in Solo with Figures (and other works). (Thur). 19th St. W. of 7th Av. 1924 0077. (924 0077). commer Stage (Central Park): Free new dance series. Kathy Duncen,

Donald Byrd/The Group (Wed); Ur-ban Bush Woman, Frey Faust with music by Pat Cahill (Thur). Band-shell at 72nd St. 6 pm. (397 3156).

CHICAGO

Ravinia Festival of American Dance. A fortnight dance festival features the San Francisco Ballet with a mixed programme including a William Forsythe premiere, and the Twyla Therp Company in a mixed programme including a work chore-ogrephed to a Philip Glass score. Ends Au 31. Highland Park.

TOKYO

Bill T. Jones and Arnie Agne and Com-pany (avant-garde): Pooh Kaye and Eccentric Motions, Part of the Tokyo 2nd American Dance Festival. Theatre Apple, Shinjuku (207 5588).

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V. < A

BRITISH VENTURE capitalists often enthuse about the idea of creating an exact copy of a successful US business and transplanting it into Europe with the aim of repeating the

Until recently, this type of transatlantic small business cloning was more of a wishful dream than a reality. But the early experiences of Align-Rite, one of the first and most ambitious attempts to replicate a US company in Britain, give a revealing indication of how the idea might work in

the idea might work in practice.

Align-Rite, a Mid-Glamorgan based copy of a small Californian high technology venture of the same name, first appeared on this page on January 30 last year, the day after the official opening of its new plant in Bridgend, South Wales. In retrospect, it could not have been a less propitious

motes. In retrospect, it could not have been a less propitious moment to start such an ambitious experiment.

The company makes photomasks, miniature glass stencils used in etching circuit tracks onto microchips. Its main customers are semiconductor makers, which at the beginning of last year stood on the brink of the deepest recession in

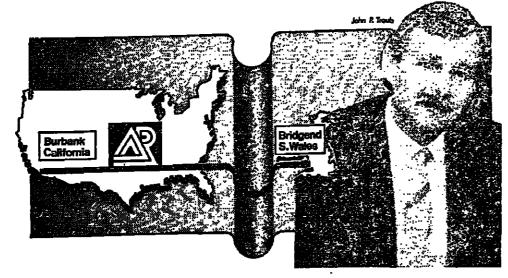
their history.
In the event, Align-Rite made start-up losses no heavier than expected, but broke even four months ahead of plan by last February and is now heading for sales of £3m this year. That will be the equivalent of nearly half of its Californian progeni-

tor's turnover.

The fact that Align-Rite managed to pull it off owes a lot nearly £1.2m in various loans, grants and guarantees—to the efforts of the three local authorities in its area and to the Welsh Office. But more revealingly for anybody wishing to attempt a similar exercise, Align-Rite and its US founder, Jim MacDonald, handled the British start-up with grandeur of ambition far beyond the of similar size.

The business plan, for His point about having to ARC co

The business plan, for instance, launched the British venture as a fully fledged company to the extent of having a break-even level of £150,000 of sales even menth and senior sales per month and senior managers in place to cover all business functions from engineering to finance. An important ingredient of that was an unusual training scheme in which Align-Rite shipped 40



Big ambitions defy a difficult market

William Dawkins revisits the European end of Align-Rite

tions for £500,000 of funding from Prutec and Charterhouse Japhet to the day Align-Rite started trading. "It was bloody hard work,"

says 40-year-old John Traub, one of the two Californians running the Welsh company. "But for us to make an impact in the market place, we recognised that we could not just rip-toe in. You cannot just tip-toe in. You cannot begin by first having three people and building up as you go in the traditional way. Our market moves too fast for that." Traub should know, for this is the third high technology start-

move fast was underlined just under a year after the Bridgend plant opened when Align-Rite



This year, the US company expects sales to reach \$7.5m, which will lift it to third in the

MacDonald estimated that ARC could at a pinch add 50 per cent to sales by investing in extra capacity at home. "Here in Europe on the other hand, we felt that we could build a

which Align-Rite shipped 40
which Align-Rite shipped 40
The US business, Align-Rite
young Welch recruits to the
Californian headquarters in founded 17 years ago as a proBurbank for six to nine months.

This appeared all the more

Sudden changes in decliniongy.

The US business, Align-Rite
photomask production to independent producers like ARC.

In-house producers were findducer of technical artwork for
This appeared all the more

Sudden changes in decliniongy.

The US business, Align-Rite
photomask production to independent producers like ARC.

In-house producers were findin-house producer

The big problem, however, was how to put together a financing package that would not drain cash out of the parent company (the pair have since been reorganised as subsidiaries of a holding group) in

Accordingly, MacDonald began to tour development agencies and local authorities all over Europe to check out grants and other kinds of public assistance. He eventually settled on mid-Glamorgan mainly because the county council was prepared to provide pur-pose-built premises and be-cause a large number of the venture's potential European customers were based around the nearby M4 motorway.

The big disadvantage was that almost the entire workforce had plant opened when Align-Rite applied to its venture capital investors for another £3.8m— which it got—to enable the US company to buy an electron beam lithography machine needed to keep abreast of sudden changes in technology.

The US business, Align-Rite in Europe on the other hand, almost the entire workforce had to be trained from scratch t

This apeared all the more extraordinary to a British venture capital industry that has traditionally believed (though less so now) that start-ups should be built up gradually By 1982, ARC was turning over from small beginnings. It is certainly one reason why it took two years from the first negotia-

that we could take a fully developed operating unit from the building in Burbank and move them to Bridgend," says

There were, he admits, cultural problems in getting British staff to adapt to US ways of working. "Californian engineers will put a design onto the market as soon as it works and learn about refinements as they go along, but engineers here expect to develop the product much more than we really need," says Тгаиь.

But the biggest shock for the Welsh staff has been getting used to Align-Rite's insistence that they should be prepared to work in several management disciplines, an important part, believes Traub, of building cohesion into an organisation.

Take Stuart Hunt, originally recruited as personnel manager, but recently promoted to head of northern European sales. "I wanted a flexible career, but this came as a real surprise," says Hunt. "I felt like an outsider tuting to sell to engineer. says runt. "I felt fike an out-sider trying to sell to engineers and electronics experts." But after a while—and only two out-right rejections from customers —he saw the link. "In person-nel, I learned how difficult it is for people to say no. It's the same in sales," he explains.

Clearly, it is naive to trans-plant a US company into Europe and expect it to work in an entirely American fashion. Conscious of this, Align-Rite went out of its way to collect a much larger pro-portion of non-executive directors, all British, than is normal for a company of its size.

Six members of the nine Six members of the nine-strong British board are non-executives, mainly from local authorities and the venture capital industry. The others are Traub, his US colleagues Geoff Lee, who is director of opera-tions, and MacDonald, who spends most of his time run-king the Burbank end. "It seems a lot, but we need them because we are navigating because we are navigating through unknown waters," says

It might seem eccentric that after spending so much time launching the Welsh operation, Align-Rite should then raise a second round of equity finance chiefly to spend in California. "There was a considerable conversation about that," says Traub with uncharacteristically British understatement.

The point is, he explains, that while US customers are now eagerly demanding E-beam

Value Added Tax

The spectre of a penalty looms

BY WILLIAM DAWKINS

thousand small businessmen are to slip through the VAT authori-unaware of the arrival on ties' overworked hands. Indeed, unaware of the arrival on ties' overworked hands. Indeed, October 1 of tough new financial penalties for traders who and Excise workers recently fall behind on Value Added claimed that the Government

a lot of people will be caught

out."

The new rules, originally outlined in the 1985 Budget, will allow Customs and Excise authorities to impose a fine-known as a default surcharge on businesses which are repeatedly late with VAT payments. The authorities cannot do this on their own under the present system. They have to take defaulters to court to get retribution.

IT IS FEARED that several the worst offenders have tended for 12 months.
thousand small businessmen are to slip through the VAT authoriOnce clear of trouble, they was losing more than £300,000 per day in VAT revenue because

default twice in a 12-month period will be sent a so-called surcharge liability notice, warning that they will be fined if they slip up again in the ensuing 12 months.

12 months.
First-time penalties range from £30 to 5 per cent of the VAT owed, whichever is more.
After that, the surcharge rises ments. The authorities cannot do this on their own under the present system. They have to take defaulters to court to get retribution.

With just over 1.4m businesses registered for VAT, all but After that, the surcharge rises by 5 per cent for each new default to a top limit of 30 per cent of the VAT due. Recipients of surcharge liability notices pay new fines for each new default until they have kept up to the mark on VAT payments

will be considered rehabili-tated and will be allowed two warnings before getting another fine, just as if they were first-time defaulters again. was losing more than £300,000 were first-time defaulters again.

"A very substantial number of businesses will not actually have heard about the new rules until they are faced with a penalty," warns Barry Baldwin, chairman of the Union of Independent Companies, which has campaigned without success for a phased introduction of the new VAT enforcement powers to give traders plenty of time to adjust.

His colleague, Tony Miller, tax expert for the National Federation of Self Employed and Small Businesses, adds: "This will create widespread cash flow problems and I expect a lot of people will be caught out."

was losing more than £300,000 were first-time defaulters again. Some small comfort comes there were not enough staff to the form of another new rule due to take effect on October 1. This will oblige VAT authorities to pay compensation if they fail to pay an acceptable claim or tirely. These are the ones which are in for a shock after october 1.

From then on, they will fit they have not paid VAT by the date it is due. Traders who default twice in a 12-month period will be sent a so-called surcharge lizbility notice warm.

Full details of the new system are outlined in an official booklet, VAT Default, Surcharge and Repayment Supplement, avilable free frem local VAT offices. More information on how to avoid falling foul of the rules will be contained in a book to be published on September 8 by Butterworths, VAT Enforcement and Appeals Manual, price £16.50. Written by Alan Buckett, the acountancy firm Binder Hamllyn's partner in charge of VAT, the book will also include a commentary on how Customs commentary on how Customs and Excise iso rganised, the handling of disputes and VAT appeal machinery.

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In brief...

BRITISH Venture Capital Association and the British Association for the jointly organising a confer-ence entitled Technology into

The event will be held at the University of Bristol on September 4 and is intended to highlight problems inhibit-ing the translation of technelogy research into com-mercial reality, to explore possible solutions and to establish useful contacts between sources of finance and sources of ideas. It will include a debate on whether or not venture capital ade-quately supports technologybased ideas and will cover the practical details to putting together a venture deal. Tickets cost £50 and exhibition stands are available for £100. Details from the conference organiser, British Association for the Advancement of Science, Fortress House, 23 Savile Row, London WIX 1AR.

GROWTH AND jobs through training is to be the theme of two conferences to be held at Durham Small Business

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shire Business Services maintains that because of this funding it can offer consultancy work well below normal rates. Its present work includes identification of a new market for a sancing insert. market for a sensing instru-ment originally designed for the steel industry and the establishment of a distriestablishment of a diffi-bution network for a co-op-producing building products.

Details from Andrew Mason, manager, South York-shire Business Services. Regency House, 75-77 St. Mary's Road, Sheffield S2 4AN.

Marwick,

PEAT MARWICK, the accountancy firm, is to hold conferences on management buy-outs on November 25 and February 19 next year.

Subjects include what sort of companies are suitable for buy-outs, raising money, tax and portable pensions. Tickets for the sessions—which will both be in London—cost £100 plus VAT. Details from Pamela Austin, Peat Marwick, 1 Puddle Dock Blackfriars, 1 Puddle Dock Blackfriars, London EC4B 4PR,

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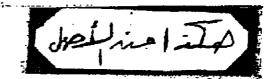
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Tuesday August 19 1986

Hobbling the industry is now in the eye of an unprecedentedly strong storm, caused by the rapid rise of the yen in the past year and the increasing anger of the country's trading partners over

to have anything like the instant impact of President Reagan's progressive schedules of per"Supply-side" tax cuts of 1981; sonal tax. Indeed it was the the official estimates that it may Democratic senators Bradley

in personal earned incomes, largely paid for by the corporate sector (and thus by share-holders), but from the wholesale destruction of tax shelters and distortions which has made low rates posssible.

A tax structure based on high

rates and exemptions leads not only to a misallocation of resources — highly visible in the empty office towers of Houston, Texas, for example—but distorts the political process. A huge federally-organised country such as the US is by nature a coalition of regional interests. Tax privileges were the favourite coin for buying them off but Congress has now, and for some time to come, cut off the supply.

General support

It is, ironically enough, the deficit which ensures that relatively unbiased taxation will get a fair trial. The pressing need to limit the deficit, now enshrined in the Gramm-Rudman amendment, ensures that legislators cannot for a long time forget that every conindeed, this knowledge has already achieved a much more radical reform than once seemed likely. Most of the lobbies, apart from oil and home construction, have been lead to somewhat lower interest rates, and the devaluation of the dollar will improve prospective profits, so the hope is more than a pipe-dream. This is incidentally a hope that the lobbies is incidentally a hope that the lead to somewhat lower interest rates, and the devaluation of the dollar will improve prospective profits, so the hope is more than a pipe-dream. This is incidentally a hope that the lower interest rates, and the devaluation of the dollar will improve prospective profits, so the hope is more than a pipe-dream. This is incidentally a hope that the devaluation of the dollar will improve prospective profits, so the hope is more than a pipe-dream. This is incidentally a hope that the devaluation of the dollar will improve prospective profits. kept at bay, and no one has though less radical reforms escaped some loss of privilege. achieved, must fervently share.

THE fundamental tax reform While the US has not agreed in a last-minute comprosing achieved a really simple tax mise between the US House of structure, as was once hoped. Representatives and Senate it has achieved a far more tax-writers (such compromises reasonable one; but perhaps the are always achieved at the last most surprising aspect of the re-possible minute) is not likely form is the general support for

the official estimates that it may add a half percentage point to real growth is at the optimistic end of the spectrum. However, while the cuts provided a short-term stimulus with a large long-term bill to pay, the reforms could achieve solid and growing benefits.

The political appeal of the reform has, of course, been the elimination of high personal tax rates, together with considerable reliefs at the bottom end of the earnings scale; but the next the course, been the most talented people to the land of a top rate of 28 per cent (in practice, 33 per cent). In practice, unhappily, it seems unlikely. US legislators are stout representatives of sectional interests, but most of them are much less encumbered them are much less encumbered by doctrine than their opposite numbers in Europe. Only if the reform proves in the long run to re-energise the US economy are other countries likely to question the principle of progressivity.

Robust foundation

This cannot, unfortunately, be taken for granted; for while the huge Federal deficit has helped to achieve adherence to the principle of reform, it is obviously a threat in the longer term to the low rates which go with it. Indeed, reform has achieved a much more robust foundation on which tax rates could be raised in future, as seems likely to prove necessary.

Much will hinge on the eco-nomic developments of the next two years. If savings are encouraged by higher after-tax returns, and productive invest-ment is not hampered by the lack of tax credits, the trends may turn sufficiently favourable to revive the hope that the deficit will slowly decline of its own accord. The reform should

> the new circumstances. Today, one hears almost no debating, and no whingeing. Instead, a torrent of announcechanges is pouring out of the big manufacturing companies. Every day brings fresh news of factory closures in Japan, pro-duction expansion abroad and

Even a year ago, these changes would have been judged socially unacceptable in this tightly knit society, but

JAPANESE INDUSTRY

A firm hand in the storm

TOU CAN learn a lot about today they pass without people from the way they cope in a storm. Japanese industry is now in the eye of an its huge trade surplus.

Export volumes are dropping, and margins on export sales have evaporated.

For example, the forecast fall in the value of Japan's car exports to North America this year—Y1,430bn (£6.25bn)—is greater than the combined profits of all the Japanese car makers last year.

The yen's rise also means that

industrial wage levels, in dollar or sterling terms, are now extremely high. In the steel industry, for example, they work out to about \$20 an hour, dangerously close to the level that has carried the US steel industry to the edge of collapse.

Domestic demand is also sluggish. The Japanese economy may grow less than half the official 4 per cent forecast this year and is likely to remain weak next year.

Some observers think the storm is so strong that the Japanese way of life itself, with its emphasis on mutual support, will change, to the detriment of the country's industrial performance. The evidence to date, however, does not suggest that anything so cataclysmic is on the cards.

British and US industrialists lived through similar storms in the early and mid-1980s respec-tively when the pound and then the dollar became overvalued. But the reactions of the Japanese to their storm is turn-

ing out to be very different to that observed in Britain and In general, British and US industrialists had two responses the first was to cut costs

wherever possible, the second to demand that governments change their economic policies. Both took a long time to achieve, and, in the meantime, a lot of misunderstanding and acrimony developed among the interested parties and a lot of business was lost. Japanese industrialists, on the other hand, heatedly

debated the issues both in the open and behind closed doors.
In a remarkably short time,
they have managed to reach a
consensus with government
and labour on how to deal with

deals to source intermediate goods and components from foreign suppliers rather than local ones.

Sony, for example, recently announced it plans to double its overseas production over the next three years, with 35

per cent of its total sales ex-pected to come from overseas plants by 1989. Kawasaki Steel has begun importing semi-finished slabs from an affiliate in Brazil even though it is contemplating the closure of one of its two integrated steel works in

Aiwa, the consumer electronics group, is shifting most of its production to Singapore and shutting one of its three plants in Japan. Toshiba is setting up lines to make video-cassette recorders in the US, and expects to be making 20,000 a month by next spring, a tenth of its US sales. Matsushita says it will site a £6m electronic typewriter and printer plant in Wales.

While it is still too soon to measure the economic and social consequences of the currency storms in the three countries, a comparison of the experiences in East and West to date provides some important insights.

insights.
In the US and the UK, it was

apparent at an early stage that the high values of the pound and the dollar were temporary phenomena that could not be sustained. In the case of Britain, the pound was supported only by the high value of the coun-try's oil exports, while the dollar's value was inflated mainly by a very tight monetary

policy.
This meant that companies could take the view that the storm would pass and then things would return to normal. Many took advantage of the

them Japanese—who believe the same analysis can be applied here. This storm, like many before it, will pass, they say. Then industrialists can and will go back to their old ways of favouring each other rather than collaborating with foreigners and forgetting about the trade surplus.

ouncuit circumstances to weed nature, unwilling to absorb necessary and they are going redundancies, factory closures overmanning and restrictive practices, but few attempted— or had the means to attempt— to improve their competitive barriers. The country must also applied to other projects in the barriers. The country must also applied to other projects in the barriers. barriers. The country must also past. be obliged to make specific An commitments on import volumes they There are sceptics-many of and market shares for foreign suppliers.

Indeed, Toyota this week proudly announced it was boosting imports by 10 per cent this year to Y70bn. It even went to the trouble of mentioning its new suppliers, which include Voest Alpine of Austria (windscreen glass) and McKesson of

Every day brings news of factory closures, production expansion abroad and foreign sourcing of intermediate goods and components

This seems unlikely. The the US (polishing fluid).

Japanese know that the yen's At the same time, US and trength is soundly based and West European central bankers Japanese know that the yen's strength is soundly based and so is likely to last for some time. They also know that their trading partners will not allow requests for them to go back to the old ways. yen's rise. If anything, the pressures on As Japan Japanese industry are still ning Agenc increasing. For example, the semi-conductor agreement forced on the Japanese by the US last month virtually ensures that radical change will

occur.

The US argument in the semiconductor case-which will un-

can be counted on to bend the deafest of ears to Japanese requests for help to stop the

As Japan's Economic Plan-ning Agency said in its white paper last week: "If Japanese businesses try to reduce their labour costs to adapt to the strong currency, there is a possibility of inviting an adjustment through an even higher yen exchange rate."

Most of the evidence suggests that the Impure have accepted.

doubtedly re-emerge in others, that the Japanese have accepted is that Japanese society is, by that fundamental change is

And there is no doubt that there were a record 72 husihey have the capability to do
whatever they want. Most major
apanese manufacturing comapanese manufacturing comapanese manufacturing comapanese manufacturing comapanese manufacturing comapanese manufacturing comthey have the capability to do whatever they want. Most major Japanese manufacturing com-panies have cash rich balance sheets, thanks to their export successes in the past few years. Matsushita, for example, had built up a Y1,839bn cash mountain by the end of last year, Toyota a Y1,308bn one.

Even companies that need to borrow to finance their restructuring programmes should have few problems. By contrast, when the 1980 re-cession hit Britain, interest rates were at record levels and most British manufacturers were already badly weakened by a decade of high inflation and industrial relations turmoil.

Similarly, in the US, the high dollar dealt a heavy blow to a number of industries, including the control of th

steel, machine tools, farm equip-ment and home entertainment, ment and nome entertainment, that were already in a weakened state Even very strong companies, such as Caterpillar Tractor and Deere, had difficulty, while the once mighty automotive industry hid behind

automotive industry hid behind a protectionist wall.

Despite all the changes made by these and other US and British companies in recent years, few of them could be said to have strengthened their competitive positions in the world. Perhaps the Japanese will also be weakened by the structural changes being forced. structural changes being forced upon them, but that seems unlikely.

It is true that the Japanese

are seeing things today that have been virtually unknown in

The lifetime employment system is under threat. Mr Taichi Sakaiya, a former Minis-try of International Trade and Industry (MITI) planner and now a widely quoted pundit, points out that this system worked only so long 23 com-panies could increase the volume of their experts. Further, it existed only at Japan's biggest companies, covering about a third of the

In any event, export-led growth is no longer possible. But Mr Sakaiya believes that the effect will not be as great, as some critics think.

"Some people think the lifetime employment system is deeply rooted in Japanese Society," he says. "It is not it began after the Second World War when the unions were in a very strong bargaining position. The social problems caused

The social problems caused by restructuring will also be softened by the Japanese approach to redundancy. As elsewhere, part-time workers and women are laid off first in Japan. But then, while Western companies are often obliged by these are often obliged by the social problems. trade unions to lay off those with least seniority. Japanese companies tend to ask older people to leave.

This has three advantages. It helps preserve the social structure by making the young look after the old. It ensures that the young get lobs so they are capable of looking after the old. And it saves companies paid more.

But the most impressive factor in the Japanese response to their new circumstances is their expansionist stance.

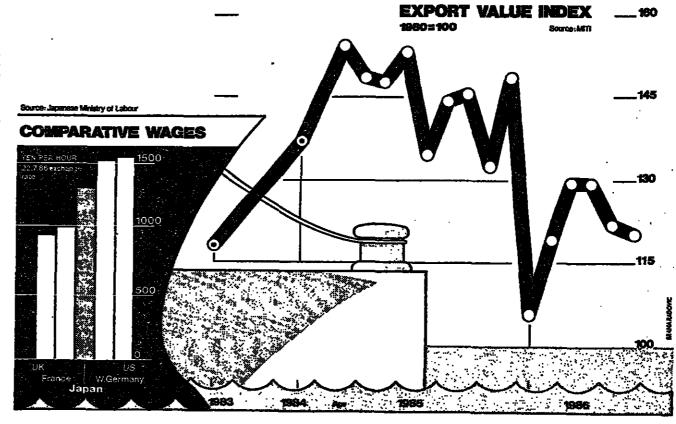
Not only are they expanding abroad, they are also boosting their research and development

A further benfit to Japanese A further benfit to Japanese industry, of course, is cheaper energy costs thanks to the drop in oil prices and the rise of the yen. The full weight of this gain has yet to be passed on to industry by the oil refiners and utilities, but substantial cost savings are expected to be achieved by the last quarter of this year and next year. this year and next year.

New products, with the higher yen factor worked in are already in the design depart-

The highly fertile consumer electronics sector, for example, is about to issue a new range of gadgets, such as portable video machines and digital audio tape

Many of the components in them may be Korean or Malay-sian or even American or French but the design and marketing prowess will be Japanese. And that should be enough to keep them on top for



Power play in the grain trade shocked at the suggestion that eventually decide to blow the their country is trying to whistle.

their country is trying to achieve in grain what Saudi Arabia appears to have done in oil. But the parallels are

About 12 months ago the launched next month in Punta Saudis started stepping up their crude production with a view to driving prices down and scaring fellow-members of Opec into introducing effective reinto introducing effective re-strictions on output. Earlier this month that is exactly what they appear to have achieved, as the oil cartel agreed on one last attempt to re-assert its

former role as a "swing producer," cutting production in times of surplus only to see others expand their output in response. It has cut the already inclined to question the price of its main agricul operations of the CAP, others tural exports in an attempt to are much less troubled about the proliferation of subsidies cutting competitors. Perhaps more controversially it has also entered a game which it has official support for agriculture will wither away just because claimed to despise up to now, involving the direct subsidisa-

involving the direct subsidisation of exports.

Given that President Reagan has often spoken of the need to get the Government out of agriculture, his Administration's latest burst of largesse to farmers and to buyers of agricultural produce might seem perverse. Nor is it clear that the US will succeed in its aim of recapturing lost sales. What it most certainly is doing is driving down world prices to a driving down world prices to a level which will be exceedingly

Collective folly

The EEC is faced with the need to dig deeper into its already over-exploited budget to pay the larger export rebates which will be necessary to bridge the gap between European grain prices and those prevailing outside the Community.

The only alternative is for the world's major agricultural. vailing outside the Community. the world's major agricultural Both Australia and Argentina exporters to sit down and talk —neither of which is in the about a co-ordinated removal

salutary, in the sense that it flesh on the bones of their sum-might give European policy mit declaration. Put crudely. makers, and particularly those that means paying farmers to in Paris, cause to reconsider leave their land idle. It hardly their faith in the mechanisms amounts to creating an Opec of of the Common Agricultural grain—a cartel with the sim of Policy. Given a free-for-all in causing punitive price rises, agricultural markets, the tax- Surplus stocks are so large and payers and consumers forced to finance such collective folly— offload them that it would be like the Opec countries faced hard to imagine such an effort with single-digit prices for their succeeding.

They might also be induced to make some real concessions in the new round of multilateral

of taxpayers, consumers and farmers to such international strains would inevitably be uneven, unpredictable and subject to parochial political prespower.

This year the Reagan Administration has become tired of its of November's Congressional

In the EEC although some countries, including Britain, are which it has spawned. It would be foolish to imagine that official support for agriculture will wither away just because governments are having more difficulty in finding the money.

sidy battle poses grave dangers for the world trading system as a whole. The risk remains level which will be exceedingly painful to rival grain exporters. over into retaliation over steel

soundest economic shape—have of surplus production capacity, warned that they could lose hundreds of millions of dollars.

It would be tempting to Tokyo summit earlier this year. They urgently need to put some

Simon drives

to market Avis Europe, which is going public on the London market, is owned by Wesray Capital, the investment firm run by William

Secretary.
Since he left government in 1981 after serving on the Reagan transition team Simon has worked in a successful double act with Ray Chambers, formerly a top man at Price Waterhouse. (Wesray was cobbled together as the company name from the two men's

Simon, the former US Treasury

names.)
The Westay philosophy is to buy viable companies out of conglomerates—then finance the purchases to set them up in

their own right.

A series of deals has kept
Wesray and Simon in the financial headlines. In February the Rockefeller Group which con-trols much of the wealth of the Rockefeller family agreed to sell its Outlet Communications broadcasting business for more than \$625m to a group led by

Last year he bought Western Auto Supply from Beneficial for When Simon was in politics he was seen as "a hard-nosed ideological conservative." by those who were relieved when he withdrew from the Reagan team. It is a style which seems well-agreed to IVS agreement.

well-adapted to US corporate Last May it was calculated that Westay Capital had acquired altogether 14 companies in recent years with com-bined revenues in 1984 of more

Hot mud

When there is not enough mud to throw around in French politics, it always helps to sling around a few pellets of

uranium. The latest opportunity for skullduggery in the ranks of France's right-wing govern-ment parties has arisen over summer revelations by Prime Minister Jacques Chirac over his

Men and Matters

role in delivery of an experi-mental nuclear reactor to Iraq ex-prime minister. during the 1970s. Earlier this month Chirac

told an Israeli journalist researching a book on the sub-ject that he had nothing to do with the controversial accord, signed while he was prime minister under president Giscard d'Estaing between 1974

and 1976.

The Iraqi affair ended with a bang when the Israeli air force destroyed the reactor in 1981 amid allegations that the Baghdad regime was on the way to making an atomic bomb. Since then the French Govern-ment has pointedly refused to accede to Iraq's request to rebuild the reactor.

Chirac's washing his hands of the reactor deal—he said Giscard and industry minister Michel d'Ornano halted nego-tiations—flatly contradicts Giscard's own version which places



Ole' Mikhail

What do Mikhail Gorbachev and Fidel Castro have in common? Too easy? Let's try again. What do Mikhail Gorbachev and Fidel Castro's forebears have in

The allegations are sensitive

because France's right-wing

governments in the past had a

habit of playing with fire by

delivering sensitive nuclear technology to countries outside

the atomic weapons club.
Although the nuclear export rules during the 1980s have been tightened up, memories linger on.

The immediate political relevance however is that Chirac and Giscard—together with the third rival on the right, Raymond Barre — have

their eye on their futures after the presidential elections

scheduled for March 1988.

A Spanish newspaper claims they may have a lot. La Region of Orense says its research shows that the Soviet leader's grandfather was not solid Rus-sian peasant stock, but an emigrant from Galicia, that remote corner of northwest Spain where the Cuban president also has his roots.

The family name, it seems was Corbacho. Anton Corbacho left Spain for eastern Europe as a child. After the Russlan Revolution, the newspaper claims, he was collective farming in the Corporation of the control of the corporation o ing in the Caucasus, the region where Gorbachev was later to drive a combine harvester and

start his party career.

Anton did well enough to send his son, Manuel, to study in Tbilisi. How Manuel came to be the father of a son called Mikhail Sergeivitch, La Region falls to explain fit saw the fails to explain (it says it is pursuing its research), but it

credits him with Russianising the surname to Gorbachev.

Just as well that he should do so in the circumstances. The Spanish name would not have been good for Gorbachev's progressive image. "El Corbacho" was the ox-tendon whip once used for beating galley slaves.

Private drive

Colorado developer Bill Smartt has successfully brought to fruition some imaginative pro-jects in his time.

Back in 1962 he persuaded 28 car dealers to move to a plot of land south-west of Colorado Springs and created what is now called Motor City. His latest scheme, in partner-

His latest scheme, in partnership with four local businessmen, is generally regarded as
his most ambitious, however.
His Front Range Toll Road
company is proposing to build
a 200 mile private toll road
from Fort Collins to Pueblo
which would permit speeds of
up to 80 miles per hour. Since
the road would use no public
funds, the argument runs, the funds, the argument runs, the federal 55 mph speed limit would not apply. The \$800m project would also include a high-speed rail line.

The scheme faces a battery of

possible objections, even assuming that adequate financing is obtained. Two of the most serious involve insurance, and the problem of who enforces the law on a private road.

While a private agency might theoretically be entrusted with the policing, local observers argue, it might well face legal problems of its own when attempting to prosecute.

Trade roots

The North Koreans, who want to go fast on ice, are being sent refrigeration equipment from Poland to build a speed skating rink in Pyong Yang.
In payment the Poles are to get supplies of the supposedly aphrodisiac root, ginseng. The Poles, it seems, just want to go

Observer



THROUGH SOME SPARKLING CHANGES The sparkling changes at the Hongkong Hilton are crystal clear. From the lighting fixtures in the Main Lobby to the table settings in The Grill, the Hilton has taken on a quier elegance. Over the past year, the Hilton has spent

&8 million to create its new look. The renovation, the most extensive in the hotel's 22-year history, has included 800 guest rooms (not a bed has been left unumed), the function rooms, the Main Lobby, The Grill and The Den. In addition, there are two new Executive Floors and a splendid Executive Lounge. These are just some of the sparkling changes which have

Hilton And they are here, waiting for all to sec. Por reservations call: your travel agent, any Hilton Internatio hotel or Editors Reservation Service - in London 631 1767 and

elsewbere in the U.K. Pressone 2124

taken place at the

HONGKONG HILTON

delin ital

Letters to the Editor

Third World hunger and European surpluses

From Mr J. Lumbers Sir,-Even over summer, the

complete with the harrowing photographs of starvation and grief that we know only too well from other places and other stories. Then, there on the Commodities Page of the Financial Times (August 12) in Farmer's Viewpoint." John Cherrington set a challenge for menfessional commission to surpluses are a direct and sugar, grains, meat and other products assist unfortunate rural Europeans, who with their health care, pensions and material goods, are wealthy beyond the dreams of the Third World's rural masses, is bad in some way help the Third world is tragic nonsense. These surpluses are a direct and Europe is reduce employment

on the production of present developing economy had pinned ordinary taxpayer to the tweed-surpluses would allow the its hopes on sugar only to see covered pockets of the rural Sir,—Even over summer, the international press manages to stimulate our intellectual capacities.

The other day a story of the plight of Philippine children on the island of Negros appeared, complete with the harrowing photographs of starvation and grief that we know only too well from other places and other stories. Then, there on the Commodities Page of the

professional sconomists to surpluses are a direct and Europe is reduce employment Apt. 17A 4L, design a distribution system immediate cause of the suffer creation and transfer wealth 18A rue Garithat, as an alternative to curbs ing on Negros. This fragile from the pay envelope of the 75015 Paris.

The fragility of Mr Cherring-ton's logic becomes quite apparent when we consider his question from a commonsense perspective. What system perspective. What system would re-distribute resources from high cost producers of surpluses to low cost producers in countries where there is an unsatisfied demand?

The answer is simple enough to be reduced to two humble words, market forces.

buy." He and his family will

not fly to Greece (much higher

air fares) in order to save, for example, £12 on perfume. Much

is made of the low perfume prices at Athens airport but

there is no mention of the fact

that it is the only airport of all those cited that sells exclusively

locally-made perfumes (as opposed to the original French

products at all other airports), therefore offering an assortment

that is only a fraction of that which an international traveller

rightfully expects.
Criticism of the "high prices

James Lumbers, Apt. 17A 4L, 18A rue Gaston de Caillavet,

ANYWHERE WILL DO SO LONG AS THE

AIRPORT DUTY-FREE SHOP JELLS MY

PRICE IN THE WORLD

FAVOURITE WHISKY AT THE CHEAPEST

Monstrous Finance Act From Mr D. Tallon Sir,—I, too, would like to enSir,—I, too, would like to endorse everything that Philip
Cook (August 13) and Nick
Bunker (August 11) have said
about this year's monstrous
Finance Act and its predecesFinance Act and its predecesstatutory concessions

is high time that the Governis high time that the Government Treasury, Inland Revenue and Customs and Excise and an end to two deceitful realised that the burden of tax practices; namely legislation by is not simply in the paying of it. reference back and by statutory
We are led to believe that
there is a secret advisory comIs the Chancellor capable of can only judge that its effect the majority of practitioners has been minimal. But the want no part of it, notion that ignorance of the law D. S. Tallon.

who can claim any sort of com-

statutory concessions. This is not simply a plea for a consolidating act. Nor is it pletely new approach to bring-splicient to tinker about with ing legislation on to the statute rates of tax and reductions. It book in order to achieve

mittee on taxation policy. If it such radical thought, or is there is composed of practitioners one a conspiracy to confuse? If so,

is no defence has become far- (National Tax Partner),

Funny money and futures

cical in the taxation field as Dearden Farrow, there can be no one in the land 1, Serjeant's Inn, EC4

of allowing unit trusts to use use of futures and options, which you where appropriate, in protect-refer to as "funny monsy."

Your concern seems misplaced.

Michael Jankins. Of course, financial futures and Royal Exchange, ECS.

From the Chief Executive,
London International Financial
Futures Exchange
Sir,—Your leader (August
12) commenting on proposed
regulations for unit trust thave a justified complaint if
schemes questions the wisdom their managers were denied the
of allowing unit trusts to use use of futures and options.

No shortage of runways

of those in the southeast whose growth in the southeast have narrow parochial view cannot often been overestimated, those see that much of the apparent made for Manchester, except demand for air travel to the London airports arises merely been underestimated. In the London airports arises merely been underestimated. In the because at present the flights 12 months to June, Manchester go nowhere else. It is a total has seen traffic growth of 21 fallacy to say that, if capacity per cent compared with 11 per is not provided in the London system. UK aviation will suffer as airlines and passengers will divert to European hubs. Sir Peter has obviously not listened to the wave-total transfer. rice capacity needs in the reads of the message which came over loud and clear at a Royal Aeronautical Society conference which he attended in Manchester in April; that is the trend way from the existing conference with indicate strongly that the major focil for growth will be a way from the existing conference with indicate strongly that the major focil for growth will be a capacity needs in the capacity needs in in the industry towards the development of new uncongested hubs away from estab- Manchester.

From the Chairman.

Manchester Airport

Sir. — I am sorry to see that the entrenched southeast aviation lobby is at it again in making claims about the peed for more runway canacity in

gested centres. Keith Barnes,

Policy not bearing fruit

-Since the Government came to power, productivity growth in manufacturing has been high both by historical standards, and compared with other major economies. But it is going much too far to claim that "the Government's approach is beginning to bear fruit" (Geoffrey Dicks, August

The Government's medium-The Government's medium-term objectives were stated clearly in the 1980 Budget Red Book: "to bring down the rate of inflation and to create con-ditions for a sustained growth of output and employment." Inflation has fallen because of first, a recession and, second,

falling commodity prices.

Manufacturing output and employment, however, are well below 1979 levels. Between 1979 and 1985, UK real output fell by over 5 per cent, while employment fell by over 20 per cent. Employment is continuing to fall, and recent output growth is slowing down. Over the same 1979-85 period, manufacturing output in the US, Japan and West Germany, rose by 12, 28 and 5 per cent respectively. The record of the UK in this crucial sector of the economy hardly stands the comparison.

comparison. (Prof) Paul Ormerod,

Henley Centre for Forecasting, 2, Tudor St. EC4.

The careful traveller

From the Chairman. International Confederation of Suppliers to Airlines, Airports and Shipping

Sir,—At a time when—at the initiative of the British presidency—the European Council of Ministers has finally started discussions which will hopefully the the transfer business and the started discussions which will hopefully the transfer business and the started discussions which will be the started discussions which will be transfer business and the started discussions which we have business and the started discussions which we have the started discussions and the started discussions are started discussions. give the tax-free business at airports and on ferries a legal basis, a rather negative study by the European Cousimers Union Office (BEUC) in Brussels "ex-plodes" on the general public. The various arguments against tax-free "perks" which it puts forward could probably have been eliminated by looking not only at price differences as such but at the background of air-port tax-free pricing in a wide range of countries. Your article "Duty free study exposes some poor deals" (August ?) cor-

rectly mirrors what BEUC said. In my view, however, the study achieves the wrong impact by presenting an enormous amount of data and then interpreting them in a totally one-sided way. The union com-pletely forgets what the needs and pleasures of the consumer really are; he wants to spend less for the "little luxuries of making claims about the need for more runway capacity in the London area. I had thought that this issue had been resolved, at least for the time being. In the Government's White Paper on airports policy issued only last June.

Sir Peter Massfield (August to recognise that the tide is turning. Whereas forecasts of fhose in the southeast whose of those in the southeast whose of those in the southeast whose in the southeast have of those in the southeast whose in the southeast have of the southeast whose in the southeast have of the southeast whose in the southeast whose of the southeast whose in the southeast whose of the southeast whose in the southeast whose of the southeast whose in the southeast have of the southeast whose of the southeast whose

in Frankfurt" does not take into account that even in the tax-free shops EEC residents have to pay VAT—by German law! It would take too long to put all the BEUC arguments into better perspective but con-sumers would have been better served had BEUC also consulted airport authorities, operators and suppliers who could very well have explained to it bow different sales prices at differ-ent international tax-free outlets are established—so for once, there is no "monopoly" Meanwhile, the 45m annual intra-EEC air passengers and to live with the knowledge that their (and our!) consumers union considers all of them easy spenders who do not know how and where to buy—but they certainly do enjoy their perks! Guntram Brendel.

to know where to find the best Switzerland.

Independence of auditors

Sir.—The suggestion that it would add to the independence of auditors if they were appointed for a non-renewable to the independence appointed for appointed for a non-renewable fixed period of five years is one of those ideas which reads better than it is likely to turn out in practice.

At present shareholders can At present shareholders can remove the auditors and, if the auditors are negligent, they can be sued for enormous sums of money by the shareholders, bankers and anyone else who can convince the Court they have been damaged by the negligence. One would think that was a pretty good incentive to be independent. Three different firms of auditors, an arrangement which is bound to assist in the speedy resolution of the problem, no doubt that you (August 13) regard the proposal as being attractive will be opened to market disciplines because they will be be independent.

to be likely to be more indepen-dent and, presumably, that is intended to benefit the client. Many clients already complain that each year produces a new group of young staff asking the same questions as the previous year about how the business runs. What is now suggested is that there should be, in addition, a new partner and audit manager. All that will take more time and no doubt will be much more expensive. Moreover, there is a sporting chance that at the end of the

tax matters, such as capital allowances and losses, can take a considerable time. With a bit of luck the Inland Revenue will find itself dealing with three different firms of auditors,

will be opened to market disci-plines because they will be The rotating auditor is said appointed only after competitive tenders. I do not suppose I am tenders. I do not suppose I am alone in dealing with professional people I actually like and who I believe to be more skilfull than people who may be cheaper. There is a lot to be said for the market place but professional advice can surely be valued without the cost being the main question. Berhans the the main question. Perhaps the writer of your first leader telephones numbers of doctors and dentists to get quotations before he consults them, but I think that is rather unlikely.

G. M. Simon. 48 Temple Street, Birmingham

The significance of textiles in world trade

highlight the significance of textiles and clothing in world trade, and the importance of these industries in the economies of the developed and developed and developed and

From the General Scoretary,
Notional Union of Tailors and
Garment Workers

Sir.—Your first-rate coverage of the Multi Fibre Arrangement more than 30 minutes was not devoted to the working and lightlight the significance of textiles and clothing in world

given a far greater stimulus to importing countries are entitled to expect that social development to expect that social development working the hundreds of hours of renegotiation no more than 30 minutes was not taken place but in devoted to the working and devoted to the majority of the exporting countries that social development will accompany these industrial advances.

In some cases such improvements have taken place but in the majority of the exporting countries are entitled to expect that social development will accompany these industrial advances.

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In some cases such improvements have taken place but in the majority of the exporting countries are entitled to expect that social development working and the provement will accompany these industrial advances.

In some cases such improvements the majority of the exporting countries are entitled to expect that during the hundreds of hours of renegotiation no devoted to the working and the provements have taken place but in the majority of the exporting countries are entitled to expect that during the hundreds of hours of renegotiation no devoted to the working and the provement will accompany these industrial advances.

In some cases such improvements have taken place but in the majority of the exporting countries are entitled to expect that during the hundreds of hours of renegotiation no devoted to the working and the provements have taken pla

important engine for economic growth in the developing world.

During negotiations much it is surely not too much to expect that working conditions and living standards of those expect that working conditions and living standards of those expect that working conditions and living standards of those expect that working conditions and living standards of those expect that working conditions and gross exploitation is the and gross exploitation is the and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are proventially, consumer that the latter gross labour abuses non-existent, child labour is rife and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are proventially, consumer that the latter gross labour abuses non-existent, child labour is rife and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are proventially and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are inevitable, while in the developed world. It is surely not too much to expect that working conditions and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are provent and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are provent and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are provent and gross exploitation is the developed world rightly resent upon. Employment rights laid down in ILO conventions on minimum labour standards are provent and gross exploitation is the latter gross labour abuses will continue. World is latter gro

give the necessary stimulus to member nations to tackle these problems.

Nearly everyone in the texwelcome the fact that the re-negotiation has left the struc-ture of the MFA intact. Beyond that, workers in the industry— in the developed and develop-ing world—will be greatly disemployed in the manufacture of the benefits of industrialisation that, workers in the industry—bave not been passed on to in the developed and development of the can be no doubt that textile and clothing trade is an important engine for economic working hours are excessive, former are inevitable, while in the developing world. The Sizewell report

Old before its time

A REPORT on the power industry which ignored Chernobyl would be like a history of The Times without Rupert Murdoch.

Yet, the report on Britain's nuclear future by Sir Frank Layfield has now been delayed so long that it risks being seriously out-of-date before it is

published.

The exercise started more than 3½ years ago as a planning inquiry into a proposed £1.5bn

Pressurised Water Reactor at the Sizewell B site in Suffolk. The terms of reference were made so wide that the PWR—and perhaps Britain's whole nuclear industry—was seen to be on trial for its life.

be on trial for its life.

Because of the semi-judicial nature of the inquiry. Sir Frank's report must be confined to the 11m pages of evidence (weighing 55 tons), the last of which was submitted almost a year and a half ago.

It is particularly unfortunate, therefore that the major

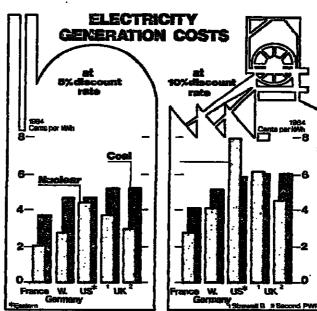
therefore, that two major events have happened not merely after his inquiry was closed, but since his report was first expected, in autumn 1985. The disaster at the Chernobyl reactor in the Ukraine in July reactor in the Ukraine in July and the collapse of oil prices have greatly altered public perception of the advantages of nuclear power. Several other trends, for example in interest rates and inflation and the demand for electricity, have wrought subtler but nevertheless important changes in the publicat debate.

nuclear debate.
This has been reflected recently in one of those strange Whitehall games called "Wait-ing for Layfield." It consists of protesting that ministers await the three-volume report (now expected next month), with entirely open minds, while conveying by a sort of dumb show that the world does not stand still and that Layfield is becoming the month of the standard for the standard fo ing, well frankly, an embarrass-

ment.

Since the inquiry was all in public, Sir Frank's conclusions will add no new facts to the debate, even though the report could still prove red hot politically. cally. He may hope to clarify the hroad arguments about safety and the economics of nuclear power, but the issues are not amenable to the kind of judicial process intended to result in a verdict of "guilty or "not guilty."

The clearest evidence that



general, quasi-philosophical tone, arguing that we must plan now for the time when fossil fuel runs out. Mrs Thatcher is said to have approved.

Perhaps Mr Walker chose hig broad themes because the bal-ance of so many of the detailed arguments has changed since Layfield took evidence. These changes emphasise the uncertainties in planning plant which could still be working 50 years

from now.
In one respect at least the argument for Sizewell B seems to have strengthened. Electricity demand is growing faster than expected, having increased by 5 per cent last year. Partly for this reason, and partly because all power stations are 5½ years nearer the scrap-yard than when Sizewell B was first proposed, the need for a new plant is becoming waren't. plant is becoming urgent. However, the coal lobby can point to several post-Layfield

reasons why the new plant should not be nuclear. ● The Chernobyl factor: Apart from the effects on public opinion, the accident has in-creased uncertainty about the cost of future safety measures, and has reopened the question of whether radically safer designs should be developed in preference to the PWR. The collapse of oil prices.

The general presumption of a few years ago that fossil fuel the Government's collective few years ago that fossil fuel in the economy.

The clearest evidence that the general presentation of the Government's collective few years ago that fossil fuel in the economy.

This is the "opportunity cost," because so much has changed. When oil ally passionate defence of prices do recover, it will be nuclear power delivered by Mr from a much lower level than Nationalised Industries white paper set this rate at 5 per cent, so in great danger of appears the figure used by the CEGB in the concurs.

Max Wilkinson

Sizewell B was first proposed at the turn of the decade.

• The miners' strike: The defeat of Arthur Scargill showed the advantage of baving a variety of electricity supplies, but it also made the need to diversify seem less urgent, British Coal's drive to increase efficiency after the strike has improved the chances that UK coal prices will fall towards the world average.

The rise in real interest rates in the last few years, the much-improved outlook for inflation and increased company profits have raised new questions about the cost of capital for a new nuclear power station and the

real rate of return that should be assumed for the project.

This last factor is highly important to the economics of Sizewell B, even though arguments about rates of return can though it would reply that one has to make some extreme

advantage turns on what one assumes to be the cost of capital as well as on future prices for fossil fuel. The cost of capital is not just

equal to the interest payments retired.
on the borrowed sum, but the larger amount which this capital might have earned if it had been the specific parts of the specific payments. invested productively elsewhere in the economy.

However, it is arguable that the industrial world is moving into a new period of much higher rates of return than in the late 1970s, immediately before the inquiry. The effect

of changed assumptions is large, as the chart shows. In evaluating the economics of their own nuclear industries, France uses a discount rate equal to the rate of return of 9 per cent and Belgium 8.5 per cent. In the UK private sector, the Bank of England estimates that the real return on capital outside the North Sag sector in that the real return on capital outside the North Sea sector in 1985 had risen to 8 per cent, about twice the level achieved during the time of the Layfield inquiry and substantially better than the performance in the previous 10 years. For new projects private sector industrialists require at least a 10 per cent real return and in many cases much more.

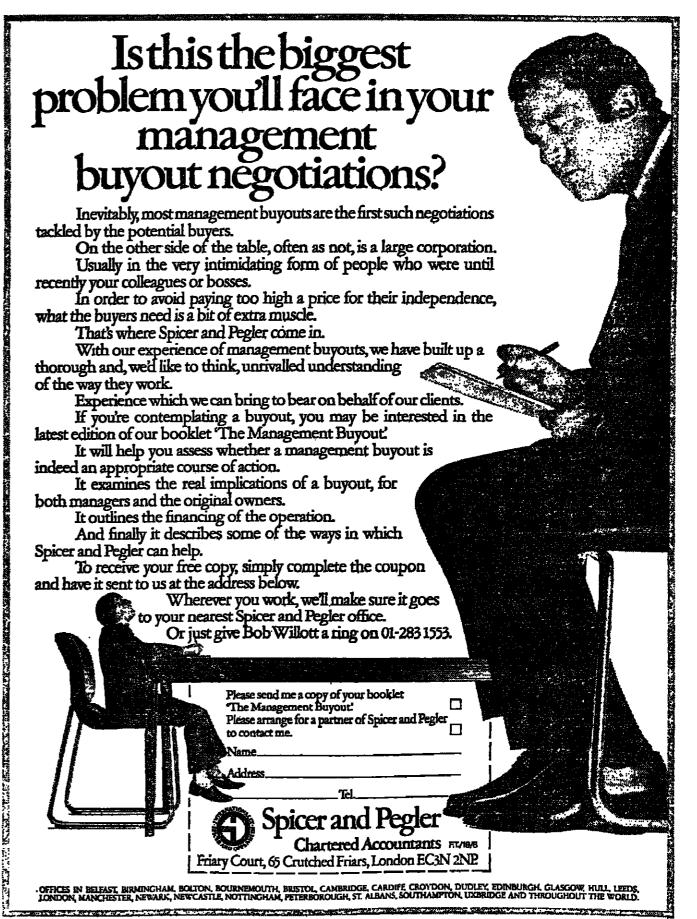
The Paris-based Nuclear

The Paris-based Nuclear Energy Agency calculates that with a 5 per cent discount rate, the new Sizewell B station would produce electricity for only 70 per cent of the would produce electricity for only 70 per cent of the cost from a coal-fired plant. However, if the discount rate were 10 per cent the capital costs would double and the nuclear station would lose all its advantage. A follow-en order after Sizewell B is assumed to be cheaper to build and would have a 25 per cent advantage over coal even at the higher

discount rate. With a 10 per cent discount rate and coal at \$55 a tonne— the price which British Coal believes will be the ceiling this century—a coal station would be cheaper and would retain its advantage as long as the annual increase in the real

Since nuclear stations are expensive to build but cheap to run compared with coal fired plant, the relative economic given all the uncertainties. nuclear electricity is likely to prove substantially cheaper, "saving" more than fibn over its 35-year life by allowing older, less efficient plant to be

These topics will undoubtedly be dealt with by Layfield but the specific evidence on which he must base his conclusions is

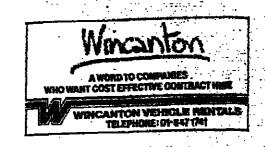


1. 5.



FINANCIAL TIMES

Tuesday August 19 1986



US tax reformers pat themselves on the back

CHAMPAGNE CORKS popped and than \$120bu to businesses over five ed Senator John Danforth, a Mistion. "It removes some 6.5m more and development, the loss of writewhen the Senate-House of Representatives conference committee ended its long, gruelling effort to restructure the US tax system early on Sunday. Retiring Senator Rus sell Long, a Louisiana Democrat, pronounced the compromise package "the best tax bill in 50 year

Mr Dan Rostenkowski of the House ways and means committee, looked around at the tired conferees with unmasked satisfaction and concluded: "They said out there that it couldn't be done. Well,we've done

The committee, in a remarkably bipartisan spirit of co-operation, had unquestionably produced a political miracle with its massive overhaul of the tax code. But the celeging concern that the effort to re-form will have unforeseen conse-quences that will plunge the alquences that will plunge the already stagnating economy into re-

Hawke

issues

'crisis'

warning

Prime Minister, gave a warning yesterday that the country faced a

crisis as great as a war and that his

Labor Government had no alterna-

tive to the tough strategy it was adopting in the budget, which will

Adjustments would have to be

made now, Mr Hawke said. Other-

wise interest rates would increase

and the Australian dollar would fall

But he called the budget, the

toughest one during his three years

in office, a "budget of hope rather

The budget is expected to contain

drastic cuts in government spend-

ing to wind down public-sector ac-

tivity, and some tax increases to

restrain private consumption. Both

moves are designed to keep the def-

icit as close as possible to about

AS4.5bn (\$2.7bn). In the financial

year to June 30, the budget deficit reached ASS.74bn, exceeding the

target by AS825m.

The Government expects overall

economic growth of between 2 and 3 per cent, against the average 4.5

per cent achieved during its first

two years in office.

be announced today.

even farther.

than of despair."

manufacturers and farmers are on

Congressman Bill Archer, a Tex-

the committee, in compromising the Senate and House versions of tax reform, had crossed a gorilla as Republican, voiced his doubts be- and a maiden and produced a goril-

years at a time when many US souri Republican, who declared that Americans from the Federal in- offs for industries, the limit on come tax rolls and means that 80 per cent of all Americans will be taxed at a rate of 15 per cent or

Nancy Dunne in Washington reports on questions hanging over the compromise package described as a 'political miracle'

that will write the fine print of the new code, he said. How will capitalisation rules for inventory work? What will be the impact on small businesses? How will the shaky oil services industry absorb \$3.85m in

But, noting the political momencluded: "The die is cast. I hope and

pray it is right."

His doubts were shared by oth-The final measure, which cuts tax His doubts were shared by oth-rates for individuals, shifts more ers, particularly the highly respect-no new revenue for deficit reduc-

fore voting for the compromise. la. Furious about a compromise Many questions remain to be that would raise the taxes of milianswered by the committee staff tary contractors and hamper the ability of private universities to raise money, he vowed to fight the compromise on the Senate floor.

There, the predictions are, the

hill will be the object of "spirited" debate, and with the wholehearted support of President Ronald Rea-In fact, Mr Reagan seemed to have no doubts that the final measure was the "historic achievement" he had requested and that it met his

Chase Econometrics, the measure slightly reduce economic growth next year as lower business investment, deprived of its tax credit for investment, fails to outweigh the impact of increased consumer spending. Others predicted that increased spending would put new life into the moribund economy.

Economists are uncertain about

the bill's impact. According to

Ms Janice Johnson, a senior manger of Seidman and Seidman/ BDO. an international accounting firm, concluded that the bill "could be a disaster, but it's hard to tell with such sweeping reforms." The reduced credit given for research debts all add up to "real economic shocks," she said.

Other analysts say the provisions to help the middle and lower-middle-class taxpayer may simply result in higher state taxes or higher prices for consumer products and

Mr Jim Kelly, a Philadelphia property investor, who will lose the write-offs on losses of his several small rental properties, said: "The whole concept is a lie. This is no tax reform." He, and "millions of other Jim Kellys" would all have to raise the rents on the homes they provide for lower-middle-income groups.

This bill has a lot of good and a lot of bad in it, Congressman Archer said. We have not explored to the depths that I think nece weigh on the scales the good and the bad, and to make the ultimate decision as to what is in the best interests of this country.

Israel expects further contact after 1½-hour talks with USSR

basic requirements for tax rate re-

BY OLLI VIRTANEN IN HELSINKI AND TONY WALKER IN JERUSALEM

tween Israel and the Soviet Union came to an abrupt end yesterday in Helsinki after only 90 minutes as By Emilia Tagaza in Canberra the two delegations dispersed to onsult with their governments. MR BOB HAWKE, the Australian

An Israeli spokesman described the talks as "candid and concrete." At the same time Israeli Foreign Ministry officials were insistent that the meeting had not broken down nor been soured by the dis-

discussions and would be followed by contacts through diplomatic channels, they said.

There was no comment from the Soviet side. Moscow had wanted the talks to be limited to consular affairs, without the question of Jewish emigration on the agenda.

agenda and the issue of Jewish emi-

THE FIRST official exchanges be- gration from the Soviet Union diate obstacle to the continuation of the discussions. According to Israeli calculations, the Soviet Union has issued 270,000 exit visas. But another 380,000 Jews are anxious to

> The Israeli team submitted memoranda on the position of Jews in the Soviet Union wishing to emi-grate, on Jewish prisoners of conience and on the situation in the In Jerusalem, officials confirmed

that the plight of Soviet Jews had been top of the agenda presented by the Israeli delegation. "We received no reaction from the Soviet team. They merely took away our written submissions," the Israeli spokesman said in Helsinki.

The Soviet team presented its paper on the opening of a consular of-fice in Israel as well as the question

of access to property in Israel Church since Czarist days and estimated to be worth at least \$100m. Subjects raised will be taken up at diplomatic levels at the Finnish

embassy in Tel Aviv, which repreents Soviet interests in Israel and the Dutch Embassy in Moscow which acts on behalf of Israel. The Soviet Union severed diplomatic ties after the June war in the Middle East in 1967.

Some Israelis are unhappy that the meeting took place at all and yesterday Soviet Jewish emigres otested outside the Finnish em-

"The Israeli Government made a wrong calculation. The discussion of Jewish emigration should have been a precondition for the talks." said Mrs Geulah Cohen, leader of

X marks the spot for flight of fancy

By Michael Donne in London

BRITISH AIRWAYS is offering passengers the chance to "spot the Concorde" – and if they win to take it over for a day - in the latest marketing gambit to encourage travellers to put their bottoms on its air

The winner of a competition to oinpoint Concorde's whereabouts will get a year's free business-class travel for two, or the right to take 99 friends on a personally-planned Concorde day trip up to three hours' flying time from London.

It could mean a trip to the Azores picnic beside the Pyramids or a boat ride along the Bosphorus, all

Encouraged by the success of its £4m competition, "Go for it, America," earlier this summer, designed to stimulate travel from the US to the UK on the flagging North Atlan-tic route, BA has designed its £6.5m "Concorde Challenge" campaign for every BA passenger leaving the UK

Mr Colin Marshall, chief execu tive of BA, said yesterday that the US promotion had yielded "excellent results." From being 25 per cent down in May and 17 per cent months of last year, passenger bookings had recovered in July and

early August kings on the North Atlantic were now "back to normal for this time of

Super Club class carryings were already up 5 per cent on this time last year, and the overall outlook was that business was returning to

From September 1, every passen-ger on a BA international flight out of the UK will be able to take part in the new competition, deciding where on a chart Concorde will be at a time of day.

The competitor whose cross on the chart is closest to the Con-corde's actual position will win Con-

corde for a day.

More valuable to the business community will be the free "platinum pass" to be won every week while the competition lasts. It will give a year's free business-class travel for two anywhere on BA's 148 routes to 73 countries, with at least one return Concorde trip included. In addition, there will be awarded every day while the competition lasts five luxury one-week Miami Concorde holidays for two.

The competition marks the 10th anniversary of Concorde's North Atlantic operations. It lasts until the end of October. Entry forms will be given away at BA check-in desks world-wide, by travel agents, BA travel shops and on BA aircraft. Mr Marshall said BA hoped the

new competition would stimulate UK traffic for the airline.

N-test move by Gorbachev

for "new thinking" in international politics suggested that the Kremlin had decided, for the moment at least, that the diplomatic gains from the halt in nuclear testing out-

dents, he suggested.

THE LEX COLUMN

Drinks at Home for Scottish

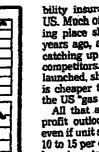
Having been ejected from li-censed premises from Hartlepool to the Lake District, Scottish & Newcastle's pub crawl has begun to re-semble a midnight ramble. That Scottish has found an open estate no further south than Nottingham, and been welcomed in by its proprietors, is fairly remarkable. It could be that Home Brewery, a family company in all but a few publicly traded shares, has a problem with its management succession. Perhaps Home is more alive than other bid-proof regionals to the future of its business should the Monopolies Commission investi-gate the industry and recommend a osening of the tied system.

Scottish is paying the usual re-gionals' bribe to get the geographi-cal spread and tied estate it needs; but 40 times historic earnings is not quite the usual absurdity. With the healthy aversion to corporation tax of any private business, Home has been ploughing cash into its pubs and brewery with a vengeance: depreciation last year was only just short of reported pre-tax profit. Scottish is actually picking up some spanking assets at a discount to their valuation, however inflated that may be. And by financing the deal partly through a convertible preference issue, it can defer the worst of the dilution until Home's arnings potential is realised.

Scottish probably can treble pretax profits - to £15m - in time for the 1989 conversion through a mixture of accounting and retailing vulgarities, ranging from less conservative depreciation to gaming machines. By then the tie may have vanished, but the Nottingham pubs would by then be worth less to a regional and more to a national or super-regional (such as Scottish) with strong brands and distribution Is this what the Monopolies Com-

Dee/Medicare Even with the chairman on holi-

day, Dee Corporation can keep swimming forward, swallowing re-tailers in its course. There is no lack of logic, though, in the acquisi-tion of Medicare from Reed Executive, still conditional on Reed share-holders' approval. Dee needs to diaway from UK food retailing to keep growing now that its basic business is rivalling Tesco and sic business is rivalling Tesco and Sainsbury in size. A chain of UK pear this autumn – higher research, ing themselves for the next move of the rollercoaster rather than restto understand without raising any ing and a sharp rise in product lia- ing on those laurels.



monopoly questions. Medicare is in a fragmented market - fourth largest with sales of only C27m - where Dee's buying power and distribu-tion can rapidly increase margins.

Boots will have to watch out. An exit p/e of 54 is high, but can be regarded as an entry charge, and £20m is hardly here or there to Dec. Expansion should be rapid from 49 stores to 200 in a couple of years. With a number of outgrown Fine Fares and the like available to convert to Medicare shops at perhaps £80,000 a time, growth should be

300

Jaguar's theory of selling an international product from a weak currency country looks fine until the foreign exchange markets turn upside down. Exporting to the US, where 65 per cent of Jaguar's turn-over arises, cannot be fun at present, though at least Jaguar can be comforted by the thought that it is even nastier for the West German producers. Re-exporting of Jaguar cars from Germany to the US has now ceased. So Jaguar longs for lower UK interest rates, even though they would dent returns on its £175m of investments

The currency was not the lone excuse, however, for dull interim profits announced yesterday, up from £63.0m to £67.4m. Jaguar is still using currency hedges set up when the pound was worth around \$1.27, roughly the same rate as in the comparable half, which runs out in the first 23m of launch expenses for pers has improved overall margins. the new XJ40 – which should ap-

US. Much of the spending now taking place should have been made years ago, and Jaguar is only just catching up with its West German competitors. The XJ40, once launched, should help margins as it is cheaper to make and will avoid

1151-

20110

the US "gas guzzier" taxes.

All that adds up to a fairly flat
profit outlook this year and next even if unit sales grow by the target 10 to 15 per cent. In the second half launch costs could reach £11m with another com in the first half of 1987. This year's pre-tax may just beat the £121.3m made in 1985, but with a tax charge rising to about 33 per cent, the multiple is around 11.7 on a share price 525p, down 18p yes-terday. That looks a full price with an 18-month delay before earnings growth picks up again.

The City of London has never studied BPCC too closely, for all the high-profile escapades of Mr Robert Maxwell, its chairman. So the 141 per cent increase in interim pre-tax profits to £27.5m came as a surprise, particularly as everyone was expecting the results to appear next month. This confusion was amply reflected in the dance of the share price, first rising 18p to an all-time high of 310p before falling back to

The mystification chiefly surrounds the spiriting up of £8.5m of interest receivable. The fact that the acquisition of Pergamon Journals gave BPCC the US income hedge to permit a switch into cheaper dollar borrowings is clear enough, but a lot of fund managers would like to know how BPCC managed to make such a return on reinvesting the dollars. In any case, analysts should not put too much faith in future interest receipts, since the company now appears on the verge of making a large acquisition in the US for cash. Whether BPCC can complete its ambition of annual sales of at least £3bn by 1990 without recourse to shareholders is doubtful.

Leaving aside the arts of BPCC treasury management, the busines itself showed solid organic growth, mid-87. Profits were held back this while the introduction of the con-

The budget and the way it is implemented will dominate the Hawke Government's political outlook in the coming months. Money markets have to be convinced not only that the budget is tough but also that the Government can put the austerity measures into effect. Any sign that Mr Hawke and Mr Paul Keating, the federal Treasurer, are failing to translate their tough talk into action might lead to further marking down of the Australian dollar, causing greater havoc to ex-

Precious metals

Continued from Page 1

Nevertheless, both gold and platinum remain comfortably above the

on was quoted at \$352 an ounce. Some analysts continue to point to underlying reasons for buying precious metals, such as strong Japanese demand, the relative weak-

A London analyst said: "Basically, I do not think there is anything to worry about. It is fundamentally

rally. The market was long overdue for a correction."

levels prevailing until 10 days ago. At the end of last month, gold bulli-

ness of the dollar and uncertainties over the performance of the equity markets. They described yesterday's move as a natural reaction to the previous rally, with some operators taking profits.

the same story as last week."

Dainippon to pay \$550m cash for Sun Chemicals division

BY WILLIAM HALL IN NEW YORK

group, yesterday agreed to pay \$550m in cash for Sun Chemical's graphic arts materials group in a deal that will make it one of the world's leading suppliers of printing

The announcement by the two Since then, the two groups have

been negotiating and Sun has turned down several takeover of-

rials group or pay \$75 a share in

Sun Chemical said it was not interested in selling but would be pre-pared to consider an offer of \$600m for the graphic arts materials

a Japanese company. Dainippon, ened its offer on several occasions which claims to be the world's and by early May was offering \$85 a third-largest producer of printing share for Sun Chemical. But Sun inks, first expressed interest in acquiring Sun Chemical's graphic arcs materials group, which accounts for over 60 per cent of Sun Chemicals, increased his chemicals sales, in June 1985.

Sinare for Sun Chemical but up several obstacles. The chemicals group had sales of \$294m and operating income of \$23m in the first six months of 1986. The cent to 47 per cent and repeatedly completion of a due diligence received that the Language of the completion of a due diligence received that the Language of the completion of a due diligence received that the Language of the completion of a due diligence received that the Language of the completion of a due diligence received that the Language of the completion of a due diligence received that the Language of the completion of a due diligence received that the Language of the completion of a due diligence received that the language of the completion of a due diligence received that the language of the completion of a due to the completion of a due diligence received that the language of the completion of the completion

fers before yesterday's agreement. self as part of a bid for the 64 per industry.

companies marks the end of one of the few contested takeover bids by

The Japanese group later sweet-

said that the Japanese offer was un-

Sun proposed to recapitalise it-

DAINIPPON Ink & Chemicals, the Japanese specialty chemicals \$425m for Sun's graphic arts materials poration, an affiliate it had previously tried to acquire.

Sun Chemical said that in light of the proposed transaction with Dainippon it had asked its investment bankers to advise on the terms of its proposed merger with Chromalloy. Sun's shares rose \$% to \$74%.

based mini-conglomerate, rose by Sun Chemical's graphic arts ma-

Shares of Chromalloy, a St Louis-

view, will make Dainippon rival in size BASFs Inmont division for

Sudan rebels warn on air relief

BY MARY ANNE FITZGERALD IN NAIROBI

THE SUDAN People's Liberation Army (SPLA) yesterday claimed responsibility for the shooting down at Malakal on Saturday of a Sudan Airways aeroplane with 60 people aboard. The SPLA warned international relief organisations that their staff would not be safe from a rebel counter-attack being launched against government troops, whom the SPLA alleged have Libyan Gov-

ernment backing.

International Committee of the Red Cross officials in eastern Africa yesterday were involved in sensitive negotiations with the SPLA

over the possibility of an airlift of operations to ship food to Governgrain to the southwestern provin-cial capital of Wau. However, the were being used for 'war purposes' broadcast has cast the success of and warned that any shipments the talks into doubt. The Internadestined for the besieged towns

by a military spokesman for the SPLA, whose 25,000 Christian followers have been fighting a threeyear bush war against predomi-nantly Moslem army troops. The death of the innocent civil-

ans rests squarely on the shoulders of the Khartoum Government," the

tional Red Cross yesterday sus- would be "ambushed and destroy-pended all flights to southern ed." Last Friday, the rebels issued a warning that aircraft flying over The warning was issued over the SPLA-controlled airspace would be guerrillas' claudestine radio station shot down.

> The escalating fighting has paralysed the distribution of emergency supplies to southern Sudan, where some 2m people risk starvation as a

result of drought, a plague of lo-custs and planting that has been disrupted by the war. The crisis the Khartoum Government, the might reach the same proportions as the 1983-85 famine in Ethiopia, aid agency officials say.

Avis Europe to go public

Continued from Page 1

US analysts believe that Avis is a classic Wesray project, given the car rental group's chequered ownership history. At various times in the car, the largest European-based last 10 years, it has been owned by ITT, Norton Simon, Esmark and

Avis's principal international

competitors are all US-owned.

Hertz belongs to UAL, the United Airlines parent, National Car Ren-

get to the Gibbons, Green, Vanam- don exchange,

spends some \$450m a year on new erongen investment banking group, which bought it for \$205m in cash from Transamerica earlier this Renault of France owns Europ-

company, which bought the UK car rental activities of Godfrey Davis The largest British-based car rental group, Swan National, is owned by the Trustee Savings Banks, ittal to Household Finance, and Bud-self soon to be floated on the Lon-

Continued from Page 1 rium and his emphasis on the nee

weighed military losses. Mr Gorbachev, in a passage that was bound to strike home to his Soviet viewers, said the arms race

must be halted because advances in technology make it increasingly impossible to control. Just one nuclear missile could release more radia tion than three Chernobyl acci

financial markets will be even more intense. Look around. Are your offices well designed for maximum productivity-or do you see an expensive waste of space? Do they promote an efficient and harmonious working environment -or does chaos reign supreme? With predicted rents in the City reaching £40 per sq. ft. it's vital your offices are designed to be 100% cost effective whilst also reflecting the image you wish to project to your customers and staff alike. At McColl, we've already taken stock of your needs by integrating our own proven design and space planning expertise with the latest in Computer Aided Design & Draughting technology-CADD. Major American banks and leading manufacturing corporations have already used McColl to design and plan their new European headquarters. If you'd like to know what we can do for your company simply call Gordon Watson or Stewart McColl at McColl for more information.

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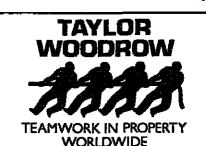
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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Tuesday August 19 1986



One Cost-cutting returns Commodore to profit

COMMODORE International, the 1985. Sales for the year totalled US personal computer maker, has 5889.3m, up from \$883.1m in 1985. reported its first quarterly profit since 1984, following drastic cost-cutting measures. But lower fourth-estimated 40 per cent. Increased cutting measures. But lower fourth-quarter earnings at Tandy, the elec-tonics retailer, indicate that the US key factor in improved earnings.

Sales revenues grew to \$690.8m from \$603.8m in the fourth quarter personal computer market remains the company said.

were \$1.2m, or 4 cents a share, com-company said negotiations with its pared with a loss of \$124m, or \$3.99, lenders were continuing and until in the same quarter last year. Sales an agreement was finalised its for the quarter were \$208.6m, up long-term bank debt and deben-

The final quarter profit reduced ed as current debt. Commodore's 1966 losses to \$127.9m Tandy, which operates the US Revenues totalled \$3bn compared

During the first half of 1986 Comestimated 40 per cent. Incre

Commodore's net earnings for the fourth quarter ended June 30 Commodore added that it would receive a qualified opinion from its auditors in its 1986 fiscal year. The tures would continue to be classifi-

compared with losses of \$113.9m in chain of Radio Shack stores, report-

ed net earnings for the fourth quar-ter of \$26.8m, or 30 cents a share, apared with \$53.1m, or 60 cents, in the same quarter last year.

stated to account for a planned spinoff of Tandy's overseas retail

Tandy said fourth-quarter earn ings were reduced by low sales gains and by increased expenses. Tandy increased earnings for 1985-86 to \$197.7m, or \$2.22 a share, up from \$189.0m, or \$2.11, in 1985.

> bardier for annual royalties. Some land owned by Canadair

acquires

Canadair

in sell-off

By Robert Gibbens in Montreal

BOMBARDIER, the Canadian

heavy transit equipment, snowmo

bile and defence products group, will pay about C\$120m (US\$86.3m)

for majority control of Canadair,

the Montreal air frame manufactur-

er which is being privatised.

Ms Barbara McDougall, Minister

Government would retain owner-

ship of technology developed by Canadair for its Challenger busi-

ness jets and would license it to the

successor company owned by Bom-

State for Privatisation, said the

Ottawa will retain a stake in the new Canadair to encourage research and development, Canadian content and export activities. The Government now holds all the shares through its investment company, Canada Investment Development Corporation (CIDC).

Ms McDougall said the sale was part of the Government's plan to sell off state-run corporations that could be better managed by the private sector.

Earlier this year, Ottawa com-pleted a deal to sell De Havilland aircraft of Canada to Boeing of the US for C\$155m. The Government bought Cana-

dair about 12 years ago from Gen-eral Dynamics of the US for around C550m and two years ago assumed the C\$10n development costs for the Challenger jet. In effect, Cana-dair's principal debt was taken off its shoulders and put into CIDC. Since then Canadair has been modestly profitable.

rontes with the state-owned Air New Zealand, AP-DJ reports from

Courism ooerator.

Bombardier McLean losses reach \$147m

BY WILLIAM HALL IN NEW YORK

McLEAN INDUSTRIES of the US one of the world's biggest container shipping groups, which is seeking belp from its bankers in restructuring its heavy borrowings following the rapid expansion of its shipping fleet, lost \$147.7m in the first half of 1986 and said it expected to lose money during the rest of the year.

McLean, which is the parent of

United States Lines and controlled by 72-year-old Mr Malcolm McLean, one of the pioneers of the industry, lost \$76.9m in the three months to end-June compared with net income of \$10.4m in the same period last year.

During the second quarter a \$14.7m provision was recorded for a loss on four vessels contracted for sale to the US Government, and interest expense rose by \$4.9m to

Last month the group deferred payments on some of its SIbn of borrowings which it used to finance for the company to move toward the 17 new containers ships it has acquired in the last two years. The The group's second-quarter op-erating loss of \$29.6m compares company said at the time that the

with a \$34.3m profit in the first quarter of 1985 but was down from tained First Boston, the New York a first-quarter loss of \$37m. Revenues in the latest three months todevelopment of a debt restructuring talled \$305.8m compared with \$310.6m last year. For the first six months revenues rose 4.7 per cent to \$596.4m, but the group reported an operating loss of \$69.1m compared with an operating profit of \$50.5m in the first half of last year. creditors continue unaffected." US

Lines' container business had been. "a viable, profitable business, and Mr McLean said volume in the we are confident that the company will weather the current situation." He added that the company's market share and volume were increasshipping revenues per container ation.

ing and that shipping rates were had increased 2.2 per cent from the rising. Fundamentals are in place first quarter.

The previously proposed ex-change offer to holders of the company's 12 per cent outstanding subordinated debentures and 14% per cent subordinated notes would continue to be deferred pending development of a restructuring plan. The shares rose by \$\% to \$3\% in early trading yesterday, which values the company at \$129m on the stock

The company's recent losses have shrunk its capital base, and at the end of June common stockholders' equity had dropped to \$116.3m compared with \$266.7m a year ago.

Mr McLean said volume in the The group's long-term debt has second quarter was 20.3 per cent shrunk from \$1.1bn to \$323m, but ahead of last year and 3.2 per cent current liabilities include \$713.2m up on the first quarter. Average of long-term debt subject to acceler-

Anderson Clayton surplus falls a CS3m special dividend and the proceeds of a settlement of litigation between Canadair and Aveo Lycoming, a US engine supplier.

BY OUR FINANCIAL STAFF

processing group facing a \$679m was a final net loss of \$16.8m, or my's recapitalisation plan, under takeover bid from Bear Stearns and \$1.37 a share, compared with net which it would become a highly profits of \$16.5m, or \$1.36, in leveraged but slimmed down operaported a sharp fall in fourth-quarter 1984-85. net profits on a continuing basis from \$10.7m, or 88 cents a share, to from \$279.3m to \$257.5m and for the \$1.3m, or 11 cents.

from discontinued operations of quarter selling, general and admin-\$727,000 and a loss of \$24.6m pro-duced a final loss of \$22.5m. This \$16.9m before tax, compared with a compares with profits of \$3.4m, or year earlier. 28 cents a share, a year earlier, when there was a loss of \$7.3m support for marketing programmes remove excess assets from termi-from discontinued operations. at the Gaines pet foods operation nated benefit plans.

Sales in the fourth quarter fell

This was mainly due to increased

ANDERSON, Clayton, the US food For the year ended June 30, there and expenses related to the compa

Net income for the year was reduced by about \$5.2m of after-tax expenses in connection with the recapitalisation plan, which the company is determined to complete despite the sweetened bid from the two investment banks. The \$5.2m also includes increased pension contributions following actions taken to

1.3m, or 11 cents. year slipped from \$1.18bn to In the latest quarter, net income \$1.06bn. The company said fourth-

 The New Zealand Government has approved a proposal for a second airline to compete on domestic

The proposal is from a consorley Investments and Newmans

UK brewer bids £120m for family group

BY LISA WOOD IN LONDON

SCOTTISH & Newcastle Breweries, the North of England and Scotland-based brewer of McEwans and Youngers Ales is to make an agreed bid, worth £120m (\$179m) for Home Brewery, a family-owned Notting-

Home Brewery, with its brands operating under a Robin Hood logo, will bring to S & N some 447 public houses in the east Midlands where the major brewer has no tied (exclusive) outlets and comparatively small sales to "free" trade public houses on which the company is heavily dependent in its other trad-

The acquisition came as a surorise after long-running speculation in financial circles that S & N, Britain's fifth-largest brewer of beer, was one of a number of prospective

buyers for the Hanson Trust's brewing interests which include In addition, S&N still holds a 29.6

deferral was designed to stabilise

its financial position and it had re-

investment bank, to advise on the

Mr McLean said: "In the interim, regularly scheduled freight trans-

portation and payments to trade

per cent stake in Matthew Brown, the north west brewer, which it narrowly missed acquiring last December following a ruling by the Takeover Panel subsequent to S&N getting the green light for the acquisi-tion. Under Takeover Panel rules S&N could renew its bid for Matthew Brown at the end of the year unless a rival bidder emerges. Mr Alick Rankin, chief executive of S&N, said yesterday that the acquisition of Home did not mean S&N would sell its stake in Matthew

Home Brewery, whose directors

ly on the board, said there were Home has only 20 per cent of its family reasons for the disposal. In business. The tied outlets, said addition he said yesterday: "S&N S&N, would form a "shop window" will give us a broader base for trad- for its brands as well as those of

In the year ended September 30 the six months ended March 31 pre- a cost of £25m. 5 & N has no intentax profits rose to £2.3m from £2.1m tion of closing the brewery despite in the comparative period. The industry-wide overcapacity. Mr chairman stated in his interim re- Rankin said: "We closed a brewery port: "The brewery redevelopment this year and we now have produccompleted, and the company is well ment, which includes plant, will be equipped to gain new trade."

ings to accept the S&N offer in re- S&N said yesterday that it saw spect of 67.5 per cent of the voting broad development opportunities at shares, approached S&N nine Home, whose trading outlets come months ago. Mr Bryan Farr, the to the south of S&N's core trading chairman of Home Brewery, the area. In particular, it stressed oplast remaining member of the fami-portunities in the free trade, where

Home Brewery's pre-tax profit was £4.4m on a turnover of £56.4m. For developed over the past six years at programme has now largely been tion in line with sales. Any invest-

Premier agrees to share option plan

BY CHARLES BATCHELOR IN LONDON

PREMIER BRANDS, the British force is restricted to less favourable foods and drinks group acquired by schemes. its management from Cadbury Premie Schweppes in a £97m (\$144m) buy-out in May has agreed a far-reach-the rules normally reserved for exing share option scheme for its ecutive share option schemes to all its workforce. It believes this is the 4,800 full-time employees.

creasingly popular in Britain in re- granted on such a scale. cent years though some disquiet has been woiced at the large num-bers of executive schemes which scheme compared with the 10 per give hig benefits to top manage—cent level laid down for public com-nity to acquire a stake in our busiment while the rest of the work- panies.

Premier has obtained approval Options schemes have become in- first time this concession has been

The company has also set aside

Premier will offer all its regular staff 1,000 shares at 1p each - a total cost of £10. Employees will be able to cash in their options after the company obtains a stock market listing, probably in 1990.

Mr Paul Judge, Premier's managing director, said: "We used the rules applying to executive schemes ness, whatever their job."

BY OUR FINANCIAL STAFF

SCHERING, the West German pharmaceuticals and chemicals group, reported modestly lower profits for the first half of 1986 but tium including Ansett Airlines, the Australian domestic carrier, Brier would be satisfactory.

Sales for the six months tumbled 2.78bn a year earlier, largely be- below those of 1985.

cause of the negative impact of the weakening dollar, Schering said. Adjusting for currency move-

Schering sales tumble on weakening dollar

on sales 7 per cent higher at DM DM 506m. ments, turnover was slightly high- 5.1bn. Some 80 per cent of group sales arise outside Germany.

Schering expects capital spending for all of 1986 to be around DM cost savings, and profits for the six Schering said it had been hit by re- 400m, up from DM 355m. Half of

to DM 2.54bn (\$1.23bn) from DM months are said to be only slightly duced prices for industrial chemithe ye

Last year Schering's group profits rose from DM 138m to DM 173m domestic sales rose 1.8 per cent to

cals. While first half exports the parent company.

18th August, 1986

New Issue

All these securities having been sold, this advertisement appears as a matter of record only

August 1986

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Montreal, Quebec, Canada

53/8 % Bonds 1986-1991 of SFr. 85,000,000

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NEW ISSUE



U.S.\$30,000,000

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Bankers Trust

Company, London

MANUFACTURERS HANOVER

the Interest Period 28th February, 1986 to 29th August, 1986, calculated up to and including the 19th August, 1986 will be \$354.80 per \$10,000 coupon and \$1,774.02 per \$50,000 coupon.

AGENT BANK

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Notice is hereby given by Banca Nazionale dell' Agricoltura S.p.A., London branch (the "Bank") to the holders of the outstanding Certificates of the above-mentioned issue (the "Certificates") that, pursuant to Condition 3 of the Certificates, the Bank will repay the deposits represented by all the Certificates on 17th September, 1986. In accordance with the provisions of the Certificates, the deposits will be repaid at a clearing bank for ECU upon surrender of the relative Certificates through the medium of a Recognised Bank in the United Kingdom to the Bank's London branch.

19th August, 1986.

Standard & Chartered

Standard Chartered PLC

£150 million Subordinated Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the three months period from 15th August 1986 to 17th November 1986 the Notes will bear interest at the rate of 9.9125 per cent per annum.

Interest per £5,000 Note will amount to £127.64 and will be paid for value 17th November 1986 against surrender of Coupon No 2.

Standard Chartered Merchant Bank Limited Agent Bank

U.S. \$400,000,000



The Kingdom of Belgium

Floating Rate Notes Due February 1991

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 6%6% for the Interest Determination Penod 19th August, 1986 to 19th February, 1987. Interest payable on 19th February, 1987 will amount to U.S.\$7,906-25 per U.S.\$250,000 Note.

Agent Bank:

Morgan Guaranty Trust Company of New York

THE FINANCIAL TIMES is proposing to publish a survey on

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Friday, September 19, 1986 For further information please contact: MARK FISHER on 01-248 8000 ext 3389

FINANCIALTIMES **EUROPE'S BUSINESS NEWSPAPER**

NEW ISSUE

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August, 1986



Nippon Shinpan Co., Ltd.

U.S.\$250,000,000

2¾ per cent. "A" Guaranteed Bonds 1991

"A" Warrants

to subscribe for shares of common stock of Nippon Shinpan Co., Ltd. Payment of principal and interest being unconditionally and irrevocably guaranteed by

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INTL. COMPANIES and FINANCE

John Davies on the outlook for the German breathing equipment group

Dräger aims for foreign expansion

the liberal, patrician-like approach which the Drager family shows in its business, the city's biggest industrial ordinary voting shares remain

Formed almost 100 years ago, the Drager business has expanded higgledy-piggledy into a cluster of buildings, old and new—some with ivy climbing up faded brickwork, others made of modern glass and appared Put modern glass and concrete. But son of the founder, envisages with all its respect for tradition, the Drager business has been the Dräger business has been adapting to drastic change, both in technology and in financing. It is widely acknowledged to have built up a leading international position in its own specialties — all to do with aspects of breathing. Medical equipment made up half of world sales of DM 825m (\$400m) last year. The rest included safety equipment for mines and factories, deep-sea diving equipment, aircraft oxygen supply apparatus, breathalysers, and devices to detect, measure and filter gases. Electronics now plays a vital role in its operations and

role in its operations and future-oriented activity (investment, research and training) absorbs as much as 15 per cent

From its early years, the Dräger business was bent on export markets and became known for gas masks used by safety men in mines in the US. Canada and Australia. In the past 25 years it has been build-ing up and co-ordinating a much wider network of foreign production and marketing operations, which produced 56 per cent of last year's sales.

With sales growing and heavy investment and research needed, the Dräger family has carefully turned to outside

Lübeck, which for centuries ference shares on the West enjoyed a reputation as a German stock market in 1979 — thriving mercantile centre on the Baltic coast. This helps to explain the sense of history and the liberal matricianalian offered profit-sharing certification.

the city's biggest industrial concern, with ever-growing international links. market moves gave it about DM 60m, while before that, its normal business produced only about DM 3m a year for equity expansion.

Mr Christian Drager, the

> continued business growth. mild-mannered and thoughtful personality, but with a hint of toughness, Mr Dräger expects sales to reach DM 1bn in the next two to three years.

chief executive and great-grand-

next two to three years.

He sees no reason why sales should not reach DM 2bn in 10 to 13 years from now. This must be possible, he argues, because of the growth trends in the main Drager markets, including operating theatre equipment and incubators, safety apparatus and in the long term ("though not just for the moment") in offshore technology. The Drager family has set up

manufacturing operations in key markets abroad—the UK, the US, Brazil, France and Australia. The fall in the dollar is an added incentive to step up US output, now that exporting from West Germany is less advantageous.

But one reason for setting up abroad was to turn out equip-ment meeting the different safety and health regulations of

safety and health regulations of various countries. It is also a way to satisfy public sector internal communications, inpurchasers, such as hospitals and fire brigades, which tend to favour local producers.

The company is candid enough to admit that it has wrestled with organisational problems in building up its worldwide activities. At one stage, customers were even "a."

production and marketing. Mr Dräger is keen on better internal communications, incomputers.

He is pushing hard to give the group a worldwide "corporate identity." This is expected to ensure, for instance, that the name Dräger is more widely written with an unlant over the ources of capital. worldwide activities. At one After the business became a stage, customers were even



Christian Dräger: sees steady sales growth

Dregger), is still spelt differently by subsidiaries in various countries—in some cases with the German umlaut over the "a" and in other cases with "ae" instead of the cases with "ae" in the case

instead.

Now, the group aims at closer co-ordination, with divisions (split up according to products) taking an international view of production and marketing. Mr Dräger is keen on better internal communications, including more effections, or other than a communications.

TRADITION counts for a lot in public company, Drägerwerk, in the West German port city of 1970, it offered non-voting pre-Lubeck, which for centuries ference shares on the West sidiaries of the Dräger group.

sidiaries of the Dräger group.
Time and resources were being wasted on identical research work in two or three countries.

What is more, the group's if it is strong enough to succeed in world markets. Operations abroad help it to keep in touch with scientific advances and to watch competitors.

Despite losses at its French subsidiary, the group's world-wide net profits rose 18.8 per cent to DM 24.1m last year. The Lübeck-based parent company added a bonus of DM 1 to its dividend of DM 7 per share and DM 8 per preference share and profit-sharing certificate.

The family has always been active in managing the business. Mr Christian Drager and his brother, Theo, a finance and his brother, Theo, a finance specialist, are the fourth generation to run its affairs. Their father, Heinrich, who died in June aged 87, played a big part in expanding the business over 50 years, but increasingly gave responsibility to his sons.

to his sons. to his sons.

Even so, the family has been anxious to attract highly qualified outsiders as the business has become more complex. Mr Fritz Lohmann, former head of Valvo, a subsidiary of the Dutch Philips electronics con-cern, joined the Drager board last year. Nearly a tenth of the employees have university degrees, says Mr Christian Drager, compared with perhaps half a per cent a generation

Although the company had some short-time work a few years ago, it is among those German companies where the the workforce now is growing, reaching 5,200 in Lübeck and

1,400 abroad.

In the past few years, the company has rationalised its production processes, scaled down inventories, and used its new sources of capital to expand into electronics and speed up growth.

Pioneer Electronic returns to net profits

PIONEER ELECTRONIC, the for the third quarter slowed, months, while domestic sales tic sales Japanese audio equipment with an increase of 0.9 per cent surged 18 per cent to account players and maker, achieved a return to to Y81.66bn. The company said for 46 per cent of all turnover. Video sales, while domestic sales tic sales to sales to sales, consolidated net profits of the improvement had come desument that come desument tha Y3.4bn (\$22.06m) in the first nine months to June, from a loss of Y528m a year earlier, writes
Y6ko Shibata in Tokyoand Europe.

Sales were 6 per cent higher Overseas sales, however, fell per cent of the total, rose 11 pass that Y262.2bn, although growth 2.7 per cent in total for the nine per cent thanks to strong domes-

for the latest quarter reached YI.35bn against a deficit last time of Y138m. Sales of audio products, 36.6

players and stereo rack systems. Video sales, 23.6 per cent of total turnover, were ahead 25.7

per cent Pioneer said parent company pre-tax profit for the full year is now expected slightly to sur-

NEW ISSUE

This announcement appears as a matter of record only.

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Nippon Shinpan Co., Ltd.

U.S.\$50,000,000

2¼ per cent. "B" Guaranteed Bonds 1991 "B" Warrants

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United Merchant Bank Limited

\$550m of straight dollar issues launched

BY CLARE PEARSON

interest rates shortly has given a firm tone to the Eurobond market although many dealers fear that a further reduction in yields may already be built into price levels.

But the market at least seemed strong enough yesterday to welcome a generously priced issue for Long-Term Credit Bank of Japan, led by its London subsidiary, LTCB International.
The \$150m 10-year issue

bears a coupon of 8 per cent and issue price of 101½, to provide a yield spread net of fees over US Treasury bonds of

Japanese

toothpaste

group ahead

LION, Japan's largeset producer of toothpaste and detergents, lifted pre-tax profits in the halfyear to June by 4.8 per cent to Y3.34bn (\$21.67m), reflecting an improved financial position and lower costs for convertible

Net profits rose 3 per cent to Y1.97bn on sales, boosted by mald's overseas activities generate about 60 per cent new fragrances and medicines, Full-year pre-tax profits are expected to reach Y9bn, up 6 per cent, on sales ahead by 5.8 per cent to Y296bn. It is planned to maintain the annual of group sales, which reached
A\$980m in 1984-85.
Business abroad, most of
which comes from the US, condividend at Y8 per share. tributed about A\$35m of earn- a Malaysian-born entrepreneur,

profit

1 2

 $z^{a,x_{i-1}}$

المحالج المعتديد

September 1

er Sharin

THE REAL PROPERTY.

A CROP of new fixed-rate dollar deals, totalling \$550m, was launched into the European land market yesterday, yesterday, yesterday, and the sum of the sum unchanged.

The hope that leading industrial nations will cut interest rates shortly has given a firm tone to the Eurobond on A 10-year issue for De Nationale Investeringsbank, a

Dutch investment bank maj-ority-owned by the Duch government, seemed to fare better, though its pricing was not much more generous. Banque Paribas Capital Markets, the lead-manager, said that European investors were attracted by its rare name in this market.

The \$100m 72 per cent bond was priced at 1012. It traded at discounts around the level of its 2 per cent fees. Societe Generale issued a

80 basis points at launch. The bond was quoted at discounts to issue price well within the level of the total fees.

Deutsche Bank Capital Markets encountered a less Stocke Generale issued a \$100m seven-year deal for Bank of Tokyo, the third partly-paid Eurobond in the last week. The 7½ per cent bond has a price of 100½ but only 15½ is payable immediately.

fire protection and security group, is awaiting US Securi-ties and Exchange Commission

approval before floating a separate company comprising its international operations on the New York and London stock

The new company is expected

to be valued at more than A\$200m (US\$124.7m). Wor-

exchanges.

Just one floating-rate note price of 118. Warrants are

being supported by the syndi-cate at a bid price of 99.85, within the 22 basis point fees. EBC Amro issued a \$100m equity warrants bond for Amsterdam Rotterdam Bank. The 10-year bond has a coupon of 3; per cent and is priced at

par. The D-Mark market was quiet yesterday but this did not inhibit syndicate managers from launching a crop of new deals. Westdeutsche Landesbank issued a DM 150m 10-year 6% per cent bond for National Bank of Hungary. The deal was priced at 100%.

BHF-Bank issued a DM 150m ing noteholders of up to SFr 12-year equity warrants bond for itself. The deal has a coupon of 61 per cent and a SFr 60m five-year equity war-

Analysts have forecast that international operations will have contributed sales of about

A\$700m in the year to June

1986, with net profits of about

The flotation is a refinement

of an outline plan first revealed

in April, which had envisaged

a listing initially in the UK and Australia, with a US quotation

This was announced as part of a financial restructuring following a bid for control of Wormald by Mr Lee Ming Tee,

to follow later.

Wormald plans flotation of

WORMALD, Australia's leading ings before tax in that year.

international operations

exercisable at DM 523. The bond with warrants was quoted at about 122. Meanwhile

CSFB-Effectenbank issued 100,000 three-year warrants on their own which may be exercised into a bond for Landesbank Schleswig-Holstein. The bond will have a 13-year life and coupon of 61 per cent. CSFB-Effectenbank said the warrants met strong

The Swiss franc bond market was quiet but with a firm under-tone, with sentiment helped by a cut in time deposit rates to 31 per cent, announced last Friday. Soditic issued an equity

Soditic issued an equity warrants bond for Chase Corporation, the new Zealand investment and property company. The SFr 150m seven-year bond has an indicated coupon of 41 per cent and a par issue price. Pricing will take place on August 28, and there will be an accompanying offer to existing noteholders of un to SFr ing noteholders of up to SFr 90m.

rants bond for Nippon Thompson, the Japanese industrial products company. The SFr 60m bond has an indicated coupon of 1 per cent and will be priced on August 25. In the Danish krone market, Privatbanken issued a DKr 500m five-year bond for Denmark. The bond's coupon was set at 91 per cent and its price at 101

price at 101.

The krone market has suffered a downward adjustment recently and prices have fallen by about 2 points during the past week, as concern about the Danish currency has grown. Algemene Bank Nederland issued a Fl 100m five-year bond

for itself. The bond has a coupon of 51 per cent and is priced at par.
Credit Suisse yesterday launched an international placing of shares raising about SFr 187.5m.

The issue of 50,000 bearer shares, led by Credit Suisse First Boston, is to be priced at the closing level on the Zurich Stock Exchange tomorrow. Yesterday, the shares were trading at SFr 3,750.

Rendell blow for Australia **Second Board markets**

BY OUR SYDNEY CORRESPONDENT

ASPECTS OF the operation of Australia's Second Board equity market for smaller companies are expected to come under scrutiny following the announcement of the provisional liquidation of Rendell In-dustries, building services com-

The company—which was listed on the Second Board less than two months ago—was put into provisional liquidation after a report from accounting firm Arthur Young which indicated "a potential unfavourable adjustment to group share-holders' funds of A\$7.2m

The latest development follows the issue last Thursday of writs against the company and certain officers by Bache Cortis & Carr, the broker which sponsored its listing.

Rendell shares were suspended about three weeks ago when it announced a proposed financial reconstruction. This was apparently abandoned

The writs taken out last week against Rendell by Bache Cortis & Carr allege misrepresentation in relation to an information memorandum released to shareholders earlier

Montedison lifts stake in Florence insurance group

BY OUR ROME CORRESPONDENT

Florence-based insurance com- and it returned net profits of pany, raising its holding from L72bn. 25.1 to 37.5 per cent.

La Fondiaria is ranked sixth among Italian insurance com-

US QUARTERLIES AMES DEPARTMENT STORES

† Loss

FIRST EXECUTIVE

Second quarter

HARRIS CORPORATION

Net profits

Net profits ... Six months
Revenue
Net profits
Net per share

Revenue
Net profits
Net per share
Nine months
Net profits
Net per share.

SEA CONTAINERS Marine cargo containers

ZAPATA CORPORATION

t Lass

3 56m 0.06

13 1m

MONTEDISON, the Italian insurance. Last year its total chemicals group, has increased direct premium income its stake in La Fondiaria, the amounted to L555bn (\$3.9m),

Montedison is paying L86,000 per share to purchase the shares from Credito Italiano and Banca panies. It is active in vehicle. Rasini. The operation will cost life and general accident nearly L740bn.

last year's net bearing a \$4.5m loss on discontinued operations. Sales advanced from \$5.5bn to \$6bn. At the first-half stage, K mart

the second-largest US retailer after Sears Roebuck, had pushed net earnings ahead from \$133.3m to \$210m, or \$1.58, with discontinued operations contributing a \$5.9m loss in 1985. Sales for the six months were \$11.2bn against \$10.4bn.

K mart

earnings

by 58%

By Terry Byland in New York

K MART, the leading US discount

retailer, reported record turnover in the second quarter of the year. Net

earnings jumped 58 per cent to \$118.4m, or 88 cents a share, with

jump

Commenting on the outlook, the board said the early movement of "traditional back-to-school merchandising was encouraging and autumn clothing lines were selling well. Reports from retail groups in the past month have left Wall Street uncertain about prospects for a continuation of consumer spending in the second half of the

K mart said the increase in sales and profits in the second quarter had been the result of "careful, merchandising programmes and promotions and favourable consumer response. It added that "continuing strong consumer demand" provided a recep-tive climate for its sales pro-

For fiscal 1985, K mart earned \$471m on sales of \$22.4bn. At July 30 K mart, which has been pursuing a widespread refurbishing and renovation programme, operated 3,004 retail outlets including 10 K mart stores, 43 Waldenbooks, 27 Builders Squares, 26 Pay Less drug stores and 12 Designer Depots.

It expected to complete its renovation programme, aimed at up-grading its merchandising style, by the end of next year. It plans aggressive expansion of its specialised store divisions and will spend \$500m on new technology in the next five years.

Wilkinson Sword

Mr Anthony Shanagher is still a member of the board at Wilkinson Sword, contrary to our report of August 12.

Swedish hydraulics group acquisition

BY SARA WEBB IN STOCKHOLM

HAEGGLUND AND SOENER, with sales of SKr 1.45bn last pany, has reached an agreement year of SKr 1.6bn. with Pneumo Abex in the US to acquire Abex Denison group for about SKr 300m (\$43.4m).

The new company, Haegg-lunds Denison, will then rank among the world's top four hydraulics companies after Vickers of the UK and Rexroth which is part of the West German Mannesmann group. Haegglund and Soener, which

is a wholly-owned subsidiary of the Swedish electrical and electronics group Asea, manufac-tures hydrostatic drives, electrohydraulic cranes, winches and cargo handling systems for the marine and offshore sectors, as well as military and civilian vehicles such as all-terrain

the Swedish hydraulics com- year and estimated sales this

Asea's transportation sector, which includes Asea Traction and Haegglund and Soener, had total sales of SKr 2.44bn, while Asea's total sales were SKr 40bn last year.

The Denison group produces hydraulic products such as piston pumps and motors, vane pumps and motors, and flow and pressure control valves. It employs 1,350 people and esti-mated turnover for 1986 is over

Its attractions for Haegelund and Soener are complementary equipment and a network of production and marketing units in the US, Great Britain, France. subsidiaries in the Asea group

The carriers and the wagons for and West Germany, as well as sales companies in Italy, the system. It is one of the larger subsidiaries in the Asea group

The carriers and the wagons for and West Germany, as well as sales companies in Italy, the system. It is one of the larger Netherlands, Switzerland, Austria, Denmark, and Sweden.

NEBB to reduce marine and offshore activities

BY FAY GIESTER IN OSLO

NEBB, the Norwegian offshoot trol equipment, for the onshore of the Swiss Brown Boveri hydro power industry, and engineering group, has an-nounced that it is reducing its nounced that it is reducing its activities in the marine and off-shore sector, where operational results have become "unaccept-shle" and distribution equipment for the offshore sector. NEBB also started deliveries of 20 sleeping cars, under a contract with the Nor-shle"

The cutbacks, expected to be ompleted by end-1986, will benefit future profitability. They will, however, hit this year's profits, which will be lower than previously forecast, and below the 1985 group figure despite a rise in turnover to of NKr 80m (\$10.9m) before NKr 1.09bn from NKr 950m. extraordinary items.

In other areas, activity was high and profits developed satisfactorily. Major deliveries during the half year to June

electric generators and distribuwegian State Railways (Norway's rail system is almost 100 per cent electrified). For the first half of 1986

group profit before extraordi-nary items was NKr 25m, against NKr 30m a year earlier, Order inflow was worth NKr 1.15bn - of which NKr 130m was for export. This compared with NKr 1.18bn and NKr 120m were hydro-electric generators, in the same six months last including switch gear and con-

Midterm advance at ISS

BY HILARY BARNES IN COPENHAGEN

ISS, THE industrial cleaning and office security group sidiary. ISS International Serreported a 42 per cent increase in 1986 first-half operating profits from DKr 35.9m, to DKr 50.9m (\$6.6m) and in net profits from DKr 25.2m to DKr 30.5m. Turnover increased from DKr 2.47bn to DKr 2.50bn.

eliminating losses in its US subsidiary. ISS International Service System (Inc) which made in 1986 first-half operating salidary. ISS International Service System (Inc) which made in 1986 first-half operating salidary. ISS International Service System (Inc) which made in 1986 first-half operating profits group of \$1.09m.

The group's Danish operations showed a satisfactory performance with parent company, net profits up from DKr 50.6m to DKr 2.50bn.

OKr 2.50bn. profits up from DKr 50.6m to The group has succeeded in DKr 62.8m.

FT INTERNATIONAL BOND SERVICE

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August, 1986

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Wako International (Europe) Limited

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Jaguar, Coventry - based profits was not expected. How-f60.5m (£56.6m) with share of luxury carmaker, reported ever, the early indications were related companies adding interim pre-tax profits up by 7 that the car would receive an £100,000 (£300,000) and a per cent from £63m to £67.4m, outstanding reception, he said, further £6.8m (£6.1m) net most expectations: the shares expected. How-f60.5m (£56.6m) with share of the first companies adding income from investments.

The tax charge was £92.3m

The result was in line with most expectations; the shares fell, however, by 18p on the day to close at 525p.

Turnover improved to f426.2m (£440.9m), an increase of 6 per cent. Earnings per share came out at 24.9p (20p) and the interim dividend is being raised from 3p to 3.3p. Last year there was a total payment in sales growth.

Demand for both the series fill saloons and XJ-S range of the period at £45.1m, against fine period at £45.1m against

ing raised from 3p to 3.3p. Last year there was a total payment of 8.6p on pre-tax profits of £121.3m.

Sir John Egan, chairman and chief executive, said the company had continued to make good progress during the first half of 1986. The improvements in turnover and profits were achieved against adverse movements in some exchange rates, particularly a significant weakening of the dollar.

For the rest of the year he warned that the launch costs of the XJ40 saloon, the successor to the XJ40, would constrain profits in the coming months and an increase in full-year

On the company's exchange f32m.

On the company's exchange f32m.

The geographical breakdown of turnover showed the US to be the most important market with sales of £279.5m, an increase of £18m, followed by the UK with £67.9m (£24m) with Europe at £28.7m (£31.3m) and the rest forward rates secured during forward rates secured during a bight level of demand in the US resulted in retail sales improving by 23 per cent to 11,506 to the XJ6, would constrain profits in the company's exchange followed by the utrover showed the US to be the most important market with sales of £279.5m, an increase of £18m, followed by the UK with £67.9m (£24m) with Europe at £28.7m (£31.3m) and the rest forward rates secured during forward rates secured during sin Japan. Talks were being held to increase its sales in Japan. Talks were being held to increase its sales in Japan. Talks were being held to increase its sales in Japan. Talks were being held to increase its sales in Japan. Talks were being be the most important market with sales of £28.7m (£24m) with Europe at £28.7m (£31.3m) and the rest for turnover showed the US to be the most important market with sales of £28.7m (£24m) with Europe at £28.7m (£31.3m) and the rest for the was larged to the world with £28.7m (£31.3m) and the rest for the was sales of £20.7m (£24m) with Europe at £28.7m (£31.3m) and the rest for the world with £28.7m (£31.3m) and the rest for the world with £28.7m (£31.3m) and the rest for the world

Vibroplant profits rise 34%

DESPITE INTENSE competitive months with the company. sence in the south east and in the plant hire industry. Vibroniant invested an unpre-Vibroplant yesterday announced a 34 per cent increase in pre-tax profits to £3.29m for the year to March 31, against £2.46m, on turnover which rose by 10 per

cent to £21.7m.
In the UK, Vibroplant over-came sluggish demand from its core customer base, the con-struction industry, and depressed public sector expenditure to increase profits to £2.9m (£2.3m) and turnover to £18.96m (£17.72m).

"There has been a slight of 10.5p (9p). increase in demand from some parts of the construction industry, from private house building for example," said Mr Jeremy Pilkington, the chairman. "But conditions are still many competitive and we are very competitive and we are pleased to have been able to increase earnings."

The climate within the construction industry is as competitive as ever. Price pressure

Vibroplant invested an unprecedentedly high £10m in capital expenditure during the year, some £3m of which was channelled into the US division. Mr Pilkington expects to invest slightly less in the current year. As a result the company's bor-rowings have risen slightly, leaving gearing at 35 per cent.

In the year to March earnings per share rose to 34.93p (22.01p). The directors propose to increase the final dividend to 6.8p (5.7p) making a total

Profits from the US have is still intense, costs are rising. Profits from the US have is still intense, costs are rising. The company makes luxury the Government is as reluctant (£160,050) on turnover ahead as ever to regenerate public names Pooter & Moore and at £2.73m (£1.96m). The Florida as ever to regenerate public names Pooter & Moore and sector expenditure, yet Vibroplant as succeeded not only stantial increase in profits, while in increasing profit, but in Georgia Hi-Lift, which was acquired in January, made a modest contribution for its first expanding. Vibroplant's pre-

tenance provision and in longer term contracts. Competition is less intense in the US and the less intense in the US and the company is keen to make further acquisitions, should the right type of niche company come along. Vibroplant's shares have soared ever since it signalled the end of its ill fated foray into video juke boxes, yet on propertied profits of 52 9m. yet on projected profits of \$3.9m and yesterday's share price of 360p, the multiple of 8.5 is still undemanding.

Kingsrange

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Kingsrange Products, a toiletries manufacturer, has reported an expansion in pretax profits from £411,800 to £954,100 for the year to last April and says it is planning a stock market flotation.

The company makes luxury

McKechnie launches £24m bid for PSM

By Lional Barber McRechnie Brothers, the Midlands engineering and plastics group which has warded off two takeover bids in the past six months, yes-terday launched a £24m bid for PSM International, a specialist fastener manufac-turer also based in the

turer also based in the Midlands.

McKechnie is assured of control because Mr James Tildesley, PSM's chairman and managing director holding 58 per cent of the company, has accepted the offer.

Dr Jim Butler, McKechnie chairman, said PSM was "an excellent company with good growth prospects." He denied the offer was a defensive move following successive hostile bids for McKechnie launched this year by the number of this year by the acquisitive mini conglomerates, Williams Holdings and Evered Holdings.

The McKechnie bid is the

latest in a string of mergers and acquisitions over the past 12 months which are reshap-ing the UK engineering

sector.

PSM specialises in making industrial fasteners — plastics components embedded with metal such as brass — which are used in the electronics, automotive and consumer durables industries. Based in Willenhall, West Midlands, it has additional manufacturing plants in the UK and over-seas in France and Talwan, and distribution centres in

and distribution centres in the US and Europe.
In the 12 months ended December 1985, PSM made pre-tax profits of £2.3m (£2.6m) on turnover of £15.3m (£14.1m). Net tangible assets at the end of last year amounted to £9.3m.
PSW is both a customer and

amounted to E9.8m.

PSM is both a customer and supplier to McKechnie. If buys several hundred tonnes of brass a year for use in its mouldings and it supplies plastics fasteners to McKechnie's own plastic processing operation.

McKechnie is offering 44 of its own shares and 695 in cash

McKechnle is offering 44 of its own shares and £95 in cash or loan notes for every 100 shares in PSM. On the basis of last night's closing price for McKechnie of 212p, down 2p, the offer values PSM, 178p, down 2p, at 188p per share

Dr Butler said McKechnie was standing by an earlier forecast of £18m pre-tax prefits (£12.3m post tax) for the year ended last month. Liza Wood on the backround to S & N's latest acquisition move.

Searching for Home comfort

IT COULD be third time lucky for Scottish & Newcastle Breweries, which yesterday annouced its proposed £120m agreed bid for Home Brewery, the family-owned Nottinghambased brower. based brewer.

During the last two years S & N's acquisition strategy has twice fallen foul of references to the Monopolies and Mergers Commission. In the case of J. W. Cameron, the Hartlepool-based brewer, S & N terminated its £44m bid after its reference,. Last year a £125m bid for Matthew Brown, the north west brewer, was cleared by the Commission. But S & N narrowly failed to win the subsequent battle when the Take-over Panel ruled that it had not won enough votes by the closing time of its offer.

The present proposal is subject to the approval of the Office of Fair Trading at a time when the industry is likely to

when the industry is likely to be investigated by the Monopolies Commission.

Assuming the deal goes through, it will be in line with S & N's strategy on the other two abortive bids of consolidating its hold on the north and acquiring more news. ing its fold on the norm and acquiring more pubs. And the high earnings multiple to be paid for Rome, little known outside its immediate region, reflects the brewer's determination to proceed with that

The move is unlikely to weaken S & N's monitoring of Matthew Brown, in which it Matthew Brown, in which it holds a 29.6 per cent stake and which, it said yesterday, it had no intention of selling. Under Takeover Panel rules S & N could renew its bid for Brown at the end of this year.

S & N, Britain's fifth largest brewer and owner of a large hotel chair has a structural

hotel chain, has a structural shortcoming which it wishes to correct before it looks to further diversification outside brewing and hotels.

Some 80 per cent of S & N's sales, compared with the in-



S & N yesterday took the unusual step of issuing a gloss; brochure (illustrated above) to ring the merits of Home

dustry's average of 40 per cent, is through the free trade, which includes supermarkets. S & N has only 1,446 tied outlets in the UK compared with the 5,000 to 7,000 pubs controlled by its major competitors such as Bass. Allied and Whitman and the controlled by its major competitors such as Bass. Allied and Whitman and the controlled by its own hands in the East Midlands, but mediate the college of the compared with good distribution channels in the East Midlands, but mediates the college of the compared with good distribution channels in the East Midlands, but mediates a college of the compared with the college of the compared with the college of the colleg the 5.000 to 7.000 pubs controlled by its major competitors such as Bass. Allied and Whit-

ocre sales of its own brands in the free trade there, sees this Not only will Home Brewery bring some 447 tied public as a positive asset in an area buts on to S & N's north eastern and Scottish base.

"This is not a creeping expansion southwards," said Mr but we really do not penetrate but we really do not penetrate but we really do not penetrate but we really do not penetrate

Alick Rankin, chief executive of S & N. "Rather, our brewing strategy is to strengthen our activities in the northern part of the UK.

"Home Brewery is at the southern end of this area. Our intention is to ensure our free trade expansion is supported by a good range of pubs on the ground and to trade locally with local specialist brands."

Matthew Brown would have brought S & N an impressive

areas like the East Midlands but we really do not penetrate into the heart of its publand," said Mr Rankin. "This deal will

bring synergy.

"We will bring our skills as free traders to Home Brewery which presently only sells about 20 per cent of its production to the free trade. We will trade in the area as Home Brewery and tack our brands on to the brewery's brands."

profits from retailing are low.
It is attention to areas like this, said Mr Rankin, which should help improve Home's

In the year ended September 30 1985 Home made Main on a turnover of \$56.4m. For the six months ended March 31 pretax profits rose to £2.3m from

Analysts yesterday described the acquisition as having both geographical and financial logic, geographical and financial logic.

"To justify this acquisition
S & N sail have to triple the
profits of Home Brewery in the
next two to three years and
I think there is a good chance
of them doing that without
closing the brewery," said Mr.
John Dunsmore of Wood Mackenzie, the Edinburgh-based
stockbrokers.

S & N has not discussed the S & N has not discussed the proposed acquisition with the Office of Fair Trading but industry experts yesterday said they doubted that the acquisition would be referred for in vestigation.

Mr Rankin was bullish on the

Mr Rankin was bullish on the wisdom of acquiring pube at a time when the tied-house system may be investigated by the Monopolies and Mergers Commission. Obviously, he said, the propsed acquisition, put to S & N by Home Brewery nine months ago, had been examined by S & N in the knowledge that the industry could be sub-ject to an investigation. S & N, according to Mr

Rankin, would score on all these accounts. It is a confidence which, despite the knocks during the past few years, is a far cry from the late-1970s when the company had the poorest profit growth in the industry. Since then there has been five years of consistent profit growth—to £75m in the brewery's brands."

S & N also sees a considerable retailing opportunity, while many of Home's big pubs

pront growth—to 1/3m in the year to last April—and a thirst for acquisitions which may not yet have been quenched.

See Lex

C. E. Heath

acquisitions

C. E. Heath, one of Britain's largest independent insurance brokers, yesterday announced a series of overseas acquisitions

in Australia, New Zealand and

two specialist insurance companies. The GM Forsath Aviation Underwriting Agency was acquired for A\$3m (£1.25m)

in cash and Atlantica Insurance,

In Australia it has purchased

Aidcom agrees to all-share offer

"There was never any prob-lem over the commercial and

BY RICHARD TOMKINS

THE on-off bid talks between Addison Consultancy, the communications group, and Aidcom International, the market research company, reached an amicable conclusion yesterday when Aidcom agreed in an expell characteristics. to an all-share offer.

Addison is offering nine of thing to do was to call a halt its own shares for every 20 Aid- to the talks for a cooling-off com. With Addison's shares period. down 10p at 123p at yesterday's close, this values each Aidcom share at 55p and the whole company at £13.17m. Aidcom's shares closed 9p up at 54p.

The talks between the two down last week when Addison inced that they had been

Hawker Siddeley, the electrical and mechanical engineer

ing group, has purchased the Reliance Fuse division of Challenger Electrical Equip-ment in the US for \$11.5m

Rellance Fuse is the largest manufacturer of low voltage power fuses in the US, with a customer base concentrated in the industrial and construction region.

sectors. It has been ecquired

through Hawker's existing US subsidiary, Brush Fuses. Hawkers' share price was unchanged at 487p yesterday.

"Low voltage power fuses are

an emportant part of our product range both in the UK and the US," said Hawker. "We already have a US subsidiary in this area and Reliance Fuse was a natural addition to it."

In recent months Hawker has embarked upon an expansion programme in the US. Reliance Fuse is the sixth acquisition in

the last year. Hawker, which is cash rich, envisages further US purchases in the coming

Hawker

expands

US fuses

By Alice Rawsthorn

"Common sense prevailed in

companies began 11 days ago previous one and they came to

of Aidcom, said the two com- the company's share capital. | in cash.

panies had got together again on Friday because neither could ignore the powerful business logic of a combination.

industrial logic," Mr Michael Page, Addison's joint chief executive, said yesterday. "We "The price we have accepted is a fair one," he said. "The difference between what they were offering and what we would accept was never very great, but it was a difference that had to be bridged." just couldn't get there on the price, so we thought the best thing to do was to call a halt

"Common sense prevailed in the end and we were invited through Aidcom's brokers to reconvene on Friday night. We made a final offer which was panies and the rights of Aidvery marginally better than our previous one and they came to

a specialist marine under-writing agency, for A\$3.35m (£1.4m) cash.
The company has chosen to diversify into underwriting in New Zealand through a start-up in which it will invest A\$500,000 (2006 202) (£208,333). In the US, Heath has acquired Aidcom directors have given Falcon Insurance, as a shell

the US.

wery speedy decision. undertakings to accept the offer company from Commercial Mr Pratt Thompson, chairman in respect of 9 per cent of Union for US\$4.88m (£3.25m)

SCARLEY.

 p^{ab}

Notice of Redemption To the Holders of

MONTANA POWER INTERNATIONAL FINANCE N.V.

141/1% Guaranteed Notes Due September 15, 1989

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of September 15, 1982, from Montana Power International Finance N.V. and The Montana Power Company, as Guarantor, to Gitibank, N.A., Trustee, all \$50,000,000 in principal amount of the aforesaid Notes will be redeemed on September 15, 1986, at the redemption price of 101½% of the principal amount thereof, together with accrued interest thereon from September 15, 1985, to such redemption date, amounting to \$142.50 for each \$1,000 principal amount of the Notes. Interest on the Notes shall cease to accrue on and after the redemption date and on that date the redemption price and accrued interest will become due and payable on each of the Notes; provided, however, that this notice is subject to the receipt of redemption monies by the Trustee prior to September 15, 1986. This notice shall be of no effect, and the redemption price shall not be payable and interest on the Notes shall cominue to accrue, unless such monies shall have been received prior to such date. received prior to such date.

Payment of the Notes will be made upon presentation and surrender thereof, together with all coupons appurtenant thereto maturing subsequent to the redemption date, at the offices of the Paying Agents as follows: Citibank, N.A., Fifth Floor, 111 Wall Street, New York, New York 10043, or at the option of the holder, at the main offices of Citibank in Amsterdam, Brussels, Frankfurt/Main, London or Paris; at the office of Citicorp Bank (Luxembourg) S.A. in Luxembourg; or at the main office of Swiss Bank Corporation in Basel. Coupons which have matured prior to the redemption date should be detached and surrendered for payment in the usual manner.

Withholding of 20% of gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payer.

Dated: August 12, 1986

MONTANA POWER INTERNATIONAL FINANCE, N.V.

Hawley has 8.6% stake in HAT

Hawley Group yesterday confirmed that it held an 8.6 per cent stake in the HAT group, the painting, cleaning and scaffolding business contesting a £94m bid by BET, the diversified industrial services com-

BET was last night consider-ing whether to extend or raise its offer for HAT. The intervention of Hawley, the cleaning and industrial services company run by Mr Michael Asheroft, has clouded the picture. Mr Asheroft refused to comment on his motives yesterday.

Ealing Electro Ealing Electro-Optics, USM quoted maker of high precision

optical and electro-optical equip-ment, is acquiring Optical Surfaces for £1.33m to be satisfied by £666.600 cash and the issue of 483,189 ordinary shares.

> LADBROKE INDEX 1.278-1,284 (-3) Based on FT Index Tel: 01-427 4411

Today's Australian Budget

If you wish to be closer to the Australian Budget

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will bring you news of the measures as they are announced on TOPIC page *18500 # and PRESTEL page *88170300 # from 10 am today together with comments from our economists

> M^CIntosh Hamson **Hoare Govett**

119 Cannon Street, London EC4N 5AX 01-626 9888

E F Hutton & Company (London) Ltd Kidder, Peabody International Limited

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Union Bank of Switzerland (Securities) Limited

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Mitsubishi Trust International Limited The Nikko Securities Co., (Europe) Ltd.

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Application has been made to the Council of The Stock Exchange for the Notes to be admitted to the Official List. The Notes will be issued in bearer form in the denominations of US \$10,000 and US \$250,000 with an issue price of 100 per cent. Interest is payable semi-annually in arrears in February and August, the first payment being made in February 1987.

Listing Particulars relating to the Issuer and the Notes are available from Extel Statistical Services Limited and copies may be obtained during normal business hours up to and including 21st August, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 2nd September, 1986 from:

London EC2R 7AN

Morgan Guaranty Trust Company of New York Morgan House 1 Angel Court

Morgan Grenfell & Co. Limited New Issue Department 72 London Wall London EC2M 5NL

19th August, 1986

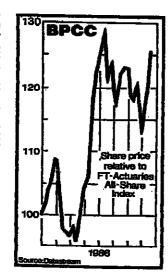
BPCC profits more than doubled to £27.55m

British Printing & Communiextinuity frincing of Communication Corporation (BPCC), the printing and publishing group headed by Mr Robert Maxwell, more than doubled pre-tax profits from £11.43m to £27.55m in the first half of 1986.

BPCC has been evaluating some major acquisitions in the US, the Pacific Basin and in Europe and an announcement about the purchase of a US public printing and publishing company is imminent, Mr Maxwell said pesterday.

He told shareholders in June that BPCC's first-half profits would be at least double hose of the same 1985 period but the scale of the increase prompted a 6p rise in the share price to

298p yesterday.
First-half profits exceeded by more than £2m the figure for the whole of 1985 and would have been even higher but for losses of more than £5m caused by an industrial dispute at its Purnell & Sons subsidiary. The improvement in results was due to the better performance of BPCC's printing businesses, in particular a good



London and Manchester of the Daily and Sunday Mirrors which benefited results for the entire

six-month period. ance of BPCC's printing busi- Profits benefited from only 10 nesses, in particular a good weeks of revenues from Perstart to contract printing in gamon Journals which was

acquired recently but they will make a full contribution in the second half of the year.

The second half will also be helped by the results of the contract printing of the Scottish Daily Record and Sunday Mail (from Aprill) and of the Sunday People (from July 1).

Mr Maxwell said current trading was buoyant in all parts of the group and he expected a highly satisfactory outturn for the year, as a greater propor-tion of revenues arises in the second half.

Interest earnings leaped from £119,000 in the first half of 1985 to £8.53m reflecting the sub-stantial US dollar revenues resulting from the pre-paid subscriptions for Pergamon's scientific journals.

This will reduce group interest costs as well as permitting US borrowings at lower levels than those in the UK. BPCC turnover in the first half rose from £126.3m to £191m. The company will pay an interim dividend of 6p per share compared with 4p last time.

See Lex

news. Losses from Glendale and

another kitchen subsidiary

Headway have held up the com-

pany ever since it came to the

market in 1980. The new chief

op, on a prospective p/e of 8.5. Even with a 60 per cent gearing level, there seems to be room

Peerless 4.2 Scot. Easternint. 0.85

Sheafbank Prop 0.5

Vibroplant 6.8

J. W. Wassall 1

for the rating to improve.

Peerless has maintained the £8m a year previous. In view got out of the kitchen business recovery evident at the half way of that and the brighter prossuage, recently sold another loss making subsidiary, and is consulted at 6.3p, with an unchanged breathe a sigh of relief at the news. Losses from Glendale and fident for the future, chairman Mr W. S. Jordan says in his pre-

liminary statement. The group, involved in plastics, electronics, domestic engin-eering and metals, made a turnover of £42.53m in the year ended March 31 1986, compared with £46.2m, and a pre-tax of £1.71m, against a loss

l.Hg

in the

115.75

 $...,v^{i_{2}i_{2}}$

Mr Jordan explained that profit would have been sustantially higher but for losses incurred at Glendale Furniture (kitchen units) and Peerless Control Systems. That was sold to Goring Kerr while only last Friday Glendale was disposed of for a small consideration (around £100,000) as the only

practicable alternative to immediate closure. The chairman said cash flow remained healthy and borrow-

Peerless maintains recovery

final of 4.2p. Mr Jordan was convinced that the group was at the beginning of a new and more prosperous phase of its activities. For the first quarter of the current year, management accounts showed a pre-tax profit (after interest) of more than £700,000, but he warned shareholders against attempting a year's forecast by multiplying the quarter by four.

Glendale incurred a loss last year of some £750,000, and it was decided to have a funda-mental re-assessment of asset values and provide for anticipated closure losses. The free-hold property was written down by over £800,000 and revalua-tion of other assets on a breakup basis and provisions for closure costs came to £1.6m net.

comment

executive Geoffrey Gahan is a plastics man and now has 14 operating units of which half are plastics related. That will give him a chance to get a firm grip on the remaining businesses and for the company to give a performance that might live up to its name. Since the first quarter is not traditionally

the strongest, the £700,000 profits recorded in the current year's management accounts indicate that progress is being made. Adding in the loss elimination from Glendale and Peerless Control Systems and allowing for underlying growth of 20 per cent, puts this year's pre-tax profits over £3m. That leaves the shares at 125p, up ings at the year-end were Having stood the heat for £6.2m compared with nearly several years, Peerless has now

Dee buys **Medicare** drugstores for £20m

By Charles Batchelor

Dec Corporation, the Gateway and Carrefour supermarkets group headed by Mr Alec Monk, is paying £20m for Medicare, the drugstore chain owned by Reed Executive, the employment and

tive, the employment and travel agency company.

Reed's shares rose 43p to close at 386p while Dee's added 3p to 263p.

This represents Dee's first diversification into specialised retailing in the UK, though it has acquired two sports goods retailers in the US in recent months.

This purchase brines a

This purchase brings a powerful competitor into the fragmented drugstore market where, with just 49 outlets and turnover of £27m Medi-care ranks fourth in the UK

league after Boots, Super-drug and Underwoods. Medicare was established in 1974 as a diversification from Reed's main business of employee recruitment.

Medicare made an operat-ing profit of £572,000 in the ing profit of £572,000 in the year ended March 1986 so it will not have a significant immediate impact on Dee's profits which were £83m in the year ended April 1986. But Dee said it was looking three to four years ahead.

Dee closed 60 of its smaller stores last were but properly.

Dee closed 60 of its smaller stores last year but many of these could have been offered to Medicare to help it expand from its present base in the south of England to become a national chain.

The price of £20m represents a sizeable sum for Reed which is capitalized at about

which is capitalised at about £40m and which made pre-tax profits of £3.55m on turnover of £69.6m in the year ended

Cannon Street

Cannon Street Investments has entered into conditional agreements to acquire the BS agreements to acquire the BS Heating group, Davron Engineers Sales and Agricultural Packaging & Containers for a total £3.1m.

Initial consideration will be satisfied by the issue of 2.5m new ordinary shares of which 622,000 will be retained by the vendors.

Charterhouse Bank has arranged for the balance, together with a further 280,000 shares to be issued to raise additional working capital for CSI, to be placed at 125p per share.

year 7.2

Blagden drops 16% to £2.3m at interim stage

over from £56.15m to £66.57m, pre-tax profits of Blagden Industries, packaging, plastics,
chemicals and industrial protective equipment group, fell by
16 per cent to £2.3m for the 25
weeks to June 22 1986, against
£2.76m last time.

The company said the £2.76m last time.

The company said, however, that the elimination of the major loss-making plastics activity at Billericay, together with improving liquidity should lead to a higher profit in the second half.

The company said its plastic blow moulding operations had been retained as an integral time, were markedly better part of the packaging division, but included a residual non-packaging activity where further rationalisation was still international division was well into board expectations.

required.
The consideration for the

Despite an increase in turn-sale of the company's Billericay wer from £56.15m to £66.57m, operations, together with the

The company said the strengthened balance sheet then resulting would represent a stronger base from which to finance future growth opportunities that might arise. In the UK, the chemical divi-

lead to a higher profit in the second half.

Although earnings per 25p share dropped from 6.4p to 4.7p, the interim dividend is maintained at 3.5p net — last year's total was 7.2p on £4.16m profits.

In the UK, the chemical division continued to produce very good results, but a general decline in the market for safety equipment had an adverse effect on the performance of the industrial protective equipment side. equipment side.

Results from the UK packag-

ing division, while showing a lower operating profit than last time, were markedly better than in the second half of

up to board expectations. At the operating level.

changed at £3.4m, against £3.37m. Net interest payable however, rose from £605,000 to £970,000, while share of related companies' losses accounted for £124,000 (£9,000). Tax took £910,000 £1.21m).

Investors have failed to drum up much enthsulasm for Blag-den's shares since the complex share deal which last year bought in the European steel drum interests of City Investments. Over the years, Blagden has added several other divisions to its core business, but only chemicals manufacturing has been a success. Blag-den is now trying to make a virtue out of a necessity by stating its desire to expand its of the plastics division and the

chemicals business rather than tures chemicals for a "third leg." The products. loss elimination from the sale

of the plastics division and the interest savings from the £7m consideration should allow second-half profits to pick up, but full-year pre-tax profits of £5m are probably the most realistic target. That will put the shares, which fell by 3p to 125p, on a prospective p/e of 12.5, and dependent on the 8 per cent yield for support. cent vield for support.

Exchange rates hit **Albright** & Wilson

The impact of exchange rates of Albright & Wilson down by 2 per cent and 3 per cent repectively at the six months'

In all, sales for the first six nonths of 1986 totalled £327.6m (£333m) and profits £24.1m (£24.9m) pre-interest and tax. UK profits improved, Over-seas operations in local cur-rencies increased sales by 13 by 12 per cent owing to difficult trading conditions in North America and Italy.

The group's return on capital (trading profits on average net assets employed) remained at 15 per cent—Albright manufacchemicals and

Capital expenditure was down 40 per cent on last year at £12.2m, mainly because of lower

spending in Canada.

The group is a subsidiary of Tenneco of the US. The figures relate to the group managed by Albright & Wilson, including companies owned directly by

Tenneco. Profits for the full 1985 year

CES expands jewellery side with £27m purchase

BY LIONEL BARBER

cluded talks with Zale Corporation, the world's biggest fine Mr Murray Gordon, CES chairman, said the Zales purjewellery retailer, to buy Zale's chase would give the group 247 UK subsidiary, which includes 112 shops for £26.7m.

The deal will make Combined division also English (CES), which owns Handbags, A Collingwood The County Biba Fashi Jewellers, the second biggest UK multiple specialist retailer CES estimates. by market share.

ordinary shares at 197p per share to pay for the deal. All but 500,000 will be placed by Samuel Montagu, with Hoare Govett acting as brokers. As with recent vendor placings, the terms include a 100 per cent "claw back" which allows existing shareholders to apply for the full amount of the placing.

Zales made pre-tax profits of £1.82m for the year ended last March. CES is forecasting interim pre-tax profits of £4.5m Davis and had ni (£3.45m, including property sales of £800,000.

Combined English Stores profits) and says prospects for Group has successfully conthe rest of the year to December cluded talks with Zale Corona-are encouraging.

stores and around 4.5 per cent of the UK market. CES's retail division also includes Salisburys Handbags, Allens Chemists and Biba Fashion Group (West

CES estimated the worth of oy market share. the specialist jewellery market

CES is issuing 13.6m new at around £1bn. Over the next five years, it said the market would shift in favour of a small number of large groups at the expense of the still-strong inde-pendents (who account for around one half of UK sales). Collingwood is expected to grow to more than 200 branches in the next three years. Similar

growth is expected at Zales. Zales has expanded steadily since Zale Corporation, a US group, took a majority share-holding in 1968. At that time it traded under the name Leslie

GRANVILLE

Granville & Co. Limited

-								~
High	Low	Company	Price	Change	Gross			Fu
_								
146	118	Ass. Brit. Ind. Ord	132	_	7.3	5.5	8.1	7
151	121	Ass. Brit. Ind. CULS	131	_	10.0	7.6		
125	43	Airsprung Group	108	-	7.6	70	6.8	6
46	28	Armitage and Rhodes	35	_	4.3	12.3	43	5 19
185	108	Berdon Hill	184	_	46	2.5	20.9	19
80	42	Bray Technologies	80	_	4.3	54	9.5	8
201	75	CCL Ordinary	83	_	2.9	3.5	59	9
152	86	CCL 11pc Conv. Pf	86	_	15 7	1B.3		-:
237	80	Carborundum Ord	235	_	9.1	3.9	71.4	11
94	83	Carborundum 7.5pc Pf.	92		10.7	11.6		
73	45	Deborah Services	73	+1	7.0	96	7.6	10
32	20	Frederick Parker Group	.23	+0-5				
125	50	George Blair	120	_	3.8	3.2	3.1	.4
70	20	Ind. Precision Castings	70 166	=	3.0	4.3	18.5	15
218	156	Isis Group	120		15.0	9.0	12.8	19
120	101	Jackson Group		+1	6.1	5.1	B.2	?
367	228	James Burrough	367	. —	17.0	4.6	10.3	9
100	85	James Burrough SpcPf.	95×4		129	13 4	_	•
.95	56	John Howard Group	.57	-	5.0	8.8		_:
1035	342	Multihouse NV	960	_	_	_	50.3	65
380	260	Record Ridgway Ord	374	=	4.7	453	6.7	11
100	89	Record Ridgway 10pcPf	89		14.1	15.8		:
82	32	Robert Jenkins	70	==	_	_	3.1	4
38	28	Scruttons "A"	38	+1				9
105	65	Torday and Carlisla	105	+3	5.7	5.4	6.4	6
370	320	Trevian Holdings	320	_	7.9	2.5	5.7	8
.70	25	Unifock Holdings	68		2.8	4.1	12.5	11
203	.93	Welter Alexander	203	+1	9.9	49	11.5	14
226	190	W. S. Yeares	195	_	17.4	8.9	19.5	21
								_



UNAUDITED HALF YEAR RESULTS FOR 1986

INCOME BEFORE INTEREST AND TAXATION **UP 87%**

	1986 \$000	1985 \$000	1986 \$000
Net sales	38,256	32,524	38,256
Income before interest and taxation	6,411	3,419	6.411
Interest	1,808	1,967	133
Income before taxation	4,603	1,452	6,278
Taxation	276	75	377
Net income	4,327	1,377	5,901
Proposed dividend per share	0.75 cents		

- Income before interest and taxation up by over 87%, reflecting continuing improvement of operating efficiencies
- Over 100 new stores anticipated for current year, with around 80 opening in the second half
- Store openings planned for Australia, Japan, Canada and United Kingdom
- cant opportunities for opening similar stores worldwide In 1986 Jessica's to open five stores within stores on test basis with Sears, Roebuck

First store on United States military base opened in Japan. Signifi-

The Directors are confident that the proforma profit forecast of not less than \$18.5 million (equivalent to earnings per share of 11.6 cents) will be achieved. The outlook for the future growth of the business is excellent

The full Interim Statement will be sent to shareholders.

DIVIDENDS ANNOUNCED THE KYOWA BANK, LIMITED Date Corre- Total Total of sponding for last Current U.S.\$10,000,000 payment payment div. ..int. 3.5 Oct 1 3.5 ..int. 6 Jan 5 4 ...int. nil — 1.68 Floating Rate Certificates of Deposit No. 000001-000010 (saued on 26th September 1983 BPCC int. 6 Consid. Tern int. nil

stated.

Maturity 28th September 1987, Callable in September 1986 Notice is bereby given in accordance with the conditions of the above Certificates of Deposit (the "Certificates") as printed on the reverse of the Certificates that The Kyowa Bank Limited (the "Bank") will prepay all the outstanding Certificates on 20th September 1986 (the "Prepayment Depo") as chair included.

· NOTICE OF PREPAYMENT

Payment of the principal amount together with accrued interest to the Prepayment Date against presentation and surrender of the Certificates at the London Branch of The Kyowa Bank Limited, Princes House, 93-95 Gresham Street, London ECZV 7NA. Interest will cease to accrue on the Certificates on the Prepayment Date. N. H. WOOLLEY & CO LTD

Agent

YOKOHAMA ASIA LIMITED U.S.\$100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1997



Unconditionally and irrevocably guaranteed by THE BANK OF YOKOHAMA, LTD.

(Incorporated in Japan)

Notice is hereby given that the Rate of Interest for the interest period has been loced at 671.6% p.a. and that the interest payable on the relevant interest payment Date. November 19, 1986 against Coupen No. 5 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$16.451 and in respect of U.S.\$250,000 nominal of the Notes will be U.S.\$4,112.85.

August 19, 1986, London By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANG

Den norske Creditbank Primary Capital Perpetual

Floating Rate Notes In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from August 19, 1986 to November 19, 1986 the Notes will carry an Interest Rate of 67.4% p.a. and the Coupon Amount per U.S.\$10,000 will be U.S.\$164.51

August 19, 1986, London By: Citibank, N.A. (CSSI Dept.). Agent Bank CITIBANC

U.S.\$150,000,000 Guaranteed Floating Rate Notes due 1992

SANWA INTERNATIONAL FINANCE

ed as to payment of Principal and interest by THE SANWA BANK LIMITED Notice is hereby given that the Rate of Interest has been fixed at 61/16% p.a. and that the interest payable on the relevant interest Payment Date. February 19, 1987, against Coupon No. 6 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$316-25.

August 19, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CTIBANCE

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ US cents—before withholding taxes.

Dividends shown in pence per share except where otherwise

Oct 27 0.85

— nil Oct 13 5.7

Sept 16 1

Profits Doubled

INTERIM RESULTS -

6 months 30th June 1986 £230.2m £104.3m +121% Sales £12.4m £6.0m +107%

- * Broadly based growth from existing business and recent acquisitions.
- * The group is planning to raise £68.7m by way of 1-4 rights issue.

* Group poised for excellent progress in



Profit before tax

Earnings per share 6.13p

The Yorkshire based automotive and engineering products, conveyor behing and industrial textile group

4.0lp +53%

Interim report and accounts available from:

The Secretary, PO Box 20 Cleckheaton, West Yorkshire BD 19 6HP. < .>

Mrs Fields on target for \$18.5m profit over year

Pence per Share

FIRST HALF profit of Mrs Fields, Inc., the speciality cookie store operator, came to \$6.28m equal to \$4.2m, and directors are confident that the year's minimum forecast of \$18.5m, or 11.6 cents per share, will be achieved.

They said that outlook for the growth of the business was excellent. The group ran 321 stores and a further 80 would open in the second half. Outside the US, they were planned for Australia, Japan, Canada and

During the year Jessica's would open five stores within stores on a test basis with Sears Roebuck, to determine the feasibility of selling its products in the Sears' environment.

The company came to the London USM in May. The shares were offered at 140p each but 84 per cent were left with the underwriters and firstday dealings saw a discount of 14p.

The forecast results and interim figures were prepared on the basis of the group being reorganised and refinanced for the whole of the year.

That meant the half year's the six months worked through price eventually. It is just a interest charge was \$133,000, at \$5.9m giving earnings per matter of when.

instead of \$1.8m actual which gave a profit of \$4.6m. For the comparable period the profit

was \$1.45m, which rose to \$6.76m by the end of 1985 on sales of \$72.56m.

Pro forma net income for

share of \$0.039. The interim dividend is 75 cents. comment

There may come a day when Mrs Fields' shares are re-rated, but yesterday was not it: the market shrugged off the 320 per cent increase in pre-tax profits and left the price unchanged at 125p. If this seems churlish, it is because little emerged from the interim statement that was not included in the prosand the figures were more or less in line with what one would expect if Mrs Fields were to meet its full-year forecast of \$18.5m. Nothing has yet occurred to change the market's view that a prospective p/e ratio of 16 is a fairer price for Mrs Fields than the 19 on which it was floated. Interest is only likely to emerge when talk turns to next year's figures, for on the evidence of previous year's growth the market would be looking at a figure in the region of \$27m on a tax charge of around 10 per cent. That would drop the p/e multiple to a modest 11.5 at today's price, suggesting that there is room for Mrs Fields to find its offer

Air Call plans restructure

BY CHARLES BATCHELOR

Unlisted Securities Market, plans a restructuring which would remove its USM quote and give BellSouth, the US telephone group, a 40 per cent stake in its equity.

The reconstruction will take the form of a scheme of arrangement under which Air Call Holdings, an unlisted group which already owns 58.7 per cent of Air Call, will make an offer for the £2.34m USM quoted shares. Holdings will offer a one-for-one share swap or 225p cash for every share in a deal which values Air Call

Air Call made a pre-tax loss in 1985 for the first time since for shareholders over the past moving to the USM in 1981 five years because markets

1985

2nd 6

309.4

Months

Sales decreased by 2% and profits by 3% over

Overseas operations in local currencies

the first six months of 1985 mainly because of

the impact of exchange rates on the overseas

increased sales by 13% but profits were 12% lower owing to difficult trading conditions in

1st 6

Months

333.0

24.9

20.9

to finance larger than expected struggle in a very volatile spending programmes to main-environment."

tain market share. The deregulation of the British telecommunications mar-ket has brought in new competitors and led to a far faster rate of growth of the markets when Air Call was preparing for its USM quotation, said Mr Warren Tayler, the chairman,

yesterday.
"The USM was very good to us but the playing field has changed." he added. "There is a de facto duopoly of BT and Mercury which make it difficult for the small company."

" We have not got the returns

Profit before interest and taxation

These figures relate to the Group managed by Albright & Wilson, including companies owned directly by Tenneco.

Capital expenditure

£ million

Sales

Air Call, the radio com and expects profits and divi- have been moving so fast. We munications group which was dends to suffer over the next will make profits in the late one of the first entrants to the few years, because of the need 1980s but it will be a hard

> Air Call moved from a pre-tax profit of £230,000 on turnover of £33.7m in 1984 to a loss of £339,000 on sales of £40.1m last year.
> Air Call held talks with

telecommunications several several telecommunications groups before reaching agreement with BellSouth, the Atlanta, Georgia-based telephone group serving the southeastern US. This deal is Bell-South's first direct involvement in the UK market in the UK market.

When the reorganisation is completed Bell South will take a 40 per cent stake in Air Call. Air Call was advised by Kleinworth Grieveson and Holdings by Arbuthnot Latham Bank.

1986

HALFYEAR

RESULTS

Nationwide Leisure falls to £309,000

A loss this time from its retail leisure side was reflected in a fall in pre-tax profits of Nation-wide Leisure from £407,000 to #309.000 for the six months to April 30 1986. Turnover fell by £3.12m to £7.13m. Because of insufficient re-serves available in the parent

company there is no interim dividend (1.25p net last time). the year end are expected to be sufficient to recommend the payment of a final comparable to the 2.5p paid for the whole of last year.

Adjusted earnings per 25p share are shown down from 4.1p to 1.8p.
Last year's profits included a £90,000 contribution from the discontinued tour properties. discontinued tour operating business. The company is still dealing with certain matters relating to this disposal and expects that closure costs, net of tax, subsequent to disposal, will exceed by about £120,000 the extraordinary provisions made in the audited accounts to October 31 1985.

However, it is expected that extraordinary profits from other items in the second half are likely to offset such additional

The company said turnover levels of the retail leisure side had been disappointing so far this summer. First-half loss was

£23,000 (£84,000 profit).

Travel agencies profits rose from £100,000 to £144,000 and the company shortly hopes to announce the addition of two new branches to the existing 11 which will strengthen profit performance in 1987.

The park home estates divi-sion lifted profits to £165,000 (£98,000), and other activities added £28,000 (£35,000).

Sheafbank dividend

Sheafbank Property Trust saw pre-tax profits improve from £25,000 to £158,000 in the year to the end of March 1986 and is proposing to pay a divi-dend of 0.5p, the first in 13

Gross rental income for this Manchester-based property investor and developer rose to £685.000 (£501,000). But after a lower tax credit of £623 (£103,000), an increase in average shares outstanding and preference dividends, stated earnings per 10p share came out at 0.8p, against 1.09p.

Consolidated Tern

Consolidated Tern Invest-ments, the USM quoted plant hire, construction and property group, dived into the red in the six months to March 31, 1986.
With all divisions severely affected by the worst winter's trading in the company's \$1.3m pre-tax loss for the period, as against a profit of £152,000 last time. The interim dividend is omitted (1.68p net

in 1984.5).

There was a heavy loss caused Inere was a neavy loss caused largely by problems in two housing contracts, for which full provision has been made, and in addition, continuing losses in two acquisitions were substan-tially greater than anticipated. The company said positive steps had been taken to restore the situation.

Scottish Eastern

For the six months ended July 31 1986 the Scottish Eastern Investment Trust pro-duced earnings of 1.08p per share, against 1.09p, and is holding the interim dividend at 0.85p net.

At the end of the period net asset value per share was 150.3p (102.2p) after prior charges at par.

Same and the same of the same

North America and Italy.

UK profits improved.

results.

A WILLSON International in chemicals

NOTICE OF REDEMPTION

To the Holders of

U.S. \$100,000,000 UNITED TECHNOLOGIES FINANCE (NETHERLANDS ANTILLES) N.V.

123% Guaranteed Notes due October 15, 1989

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Condition 6(a) of the above-described Notes and Section 4(c) of the Fuscal and Paying Agency Agreement dated as of October 15, 1982 among United Technologies Finance (Netherlands Antilles) N.V., United Technologies Corporation, Guaranton and Morgan Guaranty Trust Company of New York, Fiscal and Paying Agent, United Technologies Finance (Netherlands Antilles) N.V., intends to redeem on October 15, 1982 and Paying Agent, United Technologies Finance (Netherlands Antilles) N.V., intends to redeem on October 15, 1982 and Paying Agent, United March 15, 1982 and Paying Agent 15, 1980 all of the 1225 o Guaranteed Notes due October 15, 1989 at a redemption price of 1010 of the

principal amount thereof.

Payment will be made in U.S. Dollars on and after October 15, 1986 upon presentation and surrender of the above Registered Notes or Bearer Notes with coupons due October 15, 1987 and subsequent coupons attached, subject to applicable laws and regulations, either (a) at the office of the Fiscal and Paying Agent in New York City, or (b) at the main offices of Morgan Guaranty Trust Company in Brussels, Frankfurt-am-Main, London and Paris or Amsterdam-Rotterdam Bank N.V. in Amsterdam or Swiss Bank Corporation in Basle or Kredietbank S.A. Luxembourgeoise

Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York.

Gity and State of New York.

Any payments made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% on both principal and interest if the payee is not recognized as an exempt recipient and fails to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee is taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and fail to do so may also be subject to a penalty of S50. Any person requiring payment to an account at a bank in the U.S. should therefore provide the appropriate certification when presenting their securities for payment.

Bearer Notes surrendered for payment should have attached all unmatured coupons appurtenant thereto. Coupons due October 15, 1986 should be detached and collected in the usual manner.

Interest accrued to October 15, 1986 interest shall cease to accrue on the Notes.

UNITED TECHNOLOGIES FINANCE (NETHERLANDS ANTILLES) N.V.

Dated: August 19, 1986

The Group return on capital (trading profit on average net assets employed) remained at 15%.

1986

1st 6

Months

327.6

24.1

12.2

- Capital expenditure was 40% down on last year mainly because of lower expenditure in Canada. • The flame retardants business in Phosphates
- Division gained a Queen's Award for Export

ALERICH

1 Knightsbridge Green, London SW1X 7QD.

Wassall lower

J. W. Wassell, multiple foot-wear retailer, suffered a fall in pre-tax profits from £88,496 to £49,533 for the 53 weeks to February 1 1986. Turnover was slightly lower at £2.91m, against £3.01m.

£3.01m.
After tax of £7.497 (£5,668)
stated earnings per 5p share
dropped from 5.14p to 2.53p.
The dividend is, however, maintained at 1p net.

BOARD MEETINGS

1	TGDAY
ı	Interims—De Beers Consolidate
1	Mines, Fife Indmar, Fleming Mercanti
	Investment Trust, Malynz, Nineter
1	Twenty-Eight Investment Trust, Rent
-	kil, Standard Chartered, System
1	Designers, Teck Force.
1	Finals—Aerospace Engineering, Go
1	Fields of South Africa.
1	FUTURE DATES
	Interims—
- 1	ASD Spot

PUIUME DATES	
Interims—	
ASD	Sept 3
American Trust	Aug 26
Amclife	Ang 20
Aut and Wilhou	Aug 28
Auft and Wiborg	Aug 22
Cettle's	Aug 21
Crouch (Derek)	Sapt 4
Edinburgh Fund Managers	Aug 25
Evans Halshow	Sept 2
Ex-Lands	
	Aug 26
Frost	Aug 27
Gold and Base Metal Mines	Aug 26
Ledbroke	Aug 28
Norank Systems	Sept 2
Taylor Woodrow	Aug 26
Final	
Green (Ernest)	Sent 15
	OOP

U.S. \$400,000,000 BANQUE FRANÇAISE

DU COMMERCE EXTERIEUR Guaranteed Floating Rate

Notes Due 1997 For the three months August 19, 1986 to November 19, 1986 the Notes will bear interest at 67/e% per annum. US\$164.51 will be payable on November 19, 1986 per \$10,000 principal amount of

Richard Tomkins previews the flotation of European Home Products

The Singer makes a comeback

A NEW chapter in the history of Singer sewing machines is about to be written with the flotation next month of European Home Products, the com-pany formed last year to buy out the distribution rights to Singer - branded produ throughout most of Europe. products For the benefit of latecomers the story so far can quickly be

In the mid-19th century Isaac Merritt Singer, an American, invented the mass-produced sewing machine and gave birth to what was soon to become one of the strongest brand names in the world.

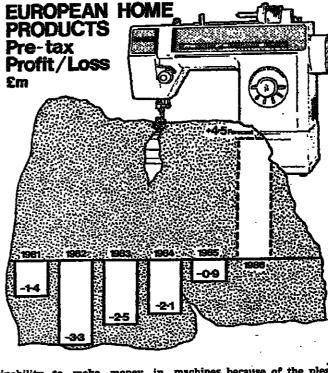
About a hundred years later Mahatma Gandhi, who learned to sew on a Singer while impisoned in India, described the machine as one of the few useful things ever invented. By the late 1970s, however the increasing availability of cheap and attractive clothes in chain stores had undermined the sewing machine's function as a money-saving device, and sales in the developed countries went into decline. Singer, the US manufacturer of the world's best-selling machine, reacted by diversifying into a range of other activities.

In Europe, Singer's sewing machine sales were being further squeezed by tough competition from other makers-particularly those in the Far East—and by the onset of a severe recession. It closed Britain's last sewing machine factory on Clydebank, Scotland. with the loss of 5,000 jobs and embarked on a programme of severe rationalisation, but failed to quell heavy losses.

In 1985, exhausted by the effort of trying to turn its European operations round, it sold them off for just £10m to a group of investors led by Euro-pean Home Products' present pean Home Products' present chairman, Mr Harry Gittes, As a coda to the story, Singer has since washed its hands of the sewing machine industry

almost entirely by spinning off its manufacturing operations to a newly-formed US company called SSMC. EHP's heritage comprises the distribution rights to Singerbranded products in Austria, Belgium, Denmark, Finland, Italy, the Netherlands, Norway, Sweden, Spain, Portugal, West

Germany, and the UK; some 360 of its own Singer shops together with another 1,700 franchised dealers; and Singer's European management team "Women are using their headed by Mr Douglas Ash— leisure time more creatively now EHP's managing director. nowadays, and they are using According to Mr Ash, Singer's sewing machines and knitting



inability to make money in Europe was more a matter of attitude than market forces.

"Singer was always a manufacturing led appared." facturing-led operation and only ecturing led operation and only acturing led operation and only so outlets for the machines coming out of its factories. It never set out to be a retailer: we had new retailing concepts in mind but it would never back them because they were taking it away from sewing machines, and that wasn't really in their strategy."

On winning independence, EHP embarked on a programme of radical change. Management was decentralised, local incentives were introduced, and the retrenchment programme was thrown into reverse.

EHP's strategy is not just to build on its leading market share of sewing machine sales, but to increase the proportion of sales coming from related products. This year, sales of sewing machines are projected to fall to 44 per cent of the group's likely turnover of £120m, compared with 48 per cent of last ways of \$120m. cent of last year's £107m.

Although the volume of sewing machine sales will be slightly down this year, Mr Ash

says that the market generally is showing signs of an upturn. "Women are using their leisure time more creatively

machines because of the pleasure they get from creating a unique fashion garment."

EHP is exploiting this trend by increasing the fashion orienters. tation of its shops. The aim is to provide the customer with everything she needs to create the desired look: not just the hardware—the machines them-selves — but the ideas, the fabrics, and all the accessories from needles to imitation

jewellery.
In The Hague, the Netherlands, EHP has just opened an experimental shop called Idee, intended to be the first of a chain, which exploits the fashion notion to the full. "What George Davies has done

for Next, we are going to do with Idée," says Mr Ash. In the south of Europe, the strategy is slightly different. In Spain and Portugal, Singer is a well-known brand name in a range of household appliances for example, in Portugal it has 20 per cent of video recorder sales. Here, EHP aims to be a Dixons rather than a Next.

The measures taken by EHP so far have already had a dramatic effect on profitability. In the seven months before the acquisition by EHP last August, Singer's European operations lost £1.4m. In the five months after the acquisition, EHP made enough profits to cut the loss

entrent year it is likely to be forecasting up to \$4.5m pre-tax, although much of the improvement will come from the Italian operation which was only ac-

EHP is expected to come to the London stock market at a value of about £55m through an offer for sale sponsored by brokers De Zoete & Bevan. Some £15m to £20m will be

raised, London has been chosen as the market for EHF's flotation because the company is UR-based—in Basingstoke, Hampshire—and because the City is perceived as Europe's most important financial centre. Mr Ash, however, concedes that there is a touch of irony in the choice, for Britzin was worse hit by Singer's rationalisation programme than any other European country. More than 400 shops were either closed or converted into dealerships.

"Many people in Britain today think that Singer has gone out of business. We have a London has been chosen as

out of business. We have a tremendous rebuilding job to do," says Mr Ash.

do," says Mr Ash.

Among the more difficult arguments which EMP is going to have to win at its flotation is over the extent of its dependence on SSMC. EHP is committed to buying all its machines from SSMC's factories in Brazil, Italy and Taiwan, so it is heartly religint for a high it is heavily reliant for a high proportion of its turnover on SSMC's ability to bring out a

competitive product.

Mr Ash argues that SSMC's takeover of Singer's manufacturing operations is all to the good. "It was obvious that Singer was no longer interested in the product of the singer was no longer interested." in its sewing machine business, but SSMC will live or die by its ability to bring out success:

machines." If the worst should happen EHP is also protected by what Mr Ash terms The Domesday Scenario. This provides for EHP to procure machines from any source and still sell them under the Singer brand in the event that SSMC should ever cease production.

Overall, then, it is a confident Mr Ash who approaches the London stock market. "We have a good management team in place, enormous strength in the brand name, and one of the largest retailing networks in Europe. If I can't take this business and do something pretty exciting with it over the next five years, I should not be sitting here. In fact," he observes wryly, "I probably won't be."

This announcement appears as a matter of record only

Can. \$65,000,000

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> > WOOD GUNDY INC.

Financial Times Tuesday August 19 1986 21 The Park LONDON RECENT ISSUES 031 226 4377 75 || -00 0 7 30 || -00 0 7 30 || -00 7 40 || -0 7 40 || -0 7 5 || -0 7 **AUTHORISED** FT UNIT TRUST INFORMATION SERVICE **UNIT TRUSTS** EQUITIES 0345 717373 Workshoe's Bold. 1948 2
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For the first time, the Financial Times has documented the surveys which were published in 1985, chronologically and alphabetically, in an easy to refer to booklet. The '85 Surveys Programme booklet is free to readers of the Humbro Generali Filmd Managers Ltd (g)
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1 and 5 You should be switched on by this (8-2, 4)
9 and 12 Expense too much?
17 For instance, begorra! (8)
8 Highest degrees from Exeter with manuscript, perhaps (8)
18 Having nothing—in a daze, 01-886 4355 +1081 315 +1091 271 +097 299 +1041 114 +201 271 +201 274 +201 274 +041 275 +041 275 +041 275 +041 275 +041 275 +041 275 +041 275 +041 275 +041 275 +041 275 (Wicked comment on 1 rocking (4) across) (3, 5, 3, 6) 15 Small plant one can see is 041-3326462 +101 180 +101 180 +111 500 +121 500 +121 10 +131 10 10 Veto is applied to workers group (6)

12 see 9

13 Gooch reads the wicket concealing a sort of yellow (5)

14 Genuine and associated with part of 1 across (4)

16 Several deliveries to understand and supervise (7)

19 Calm, then street is cut off. Complaint? (7)

21 Lacking 1 across (4)

24 For each painful scream inside it could provide 1 across (5)

25 Could be industriat—see in sides at variance (8)

26 Beette providing some 1 across? (8)

27 Take heads of service in law knowledge. Get Q.C. (4)

28 Beette providing some 1 across? (8)

29 Take heads of service in law knowledge. Get Q.C. (4)

20 Elecoming 21 across as stage 1 across sometimes is (7)

21 Lacking 1 across (4)

22 Student term for charity paper. Artist to suppress many within? (6)

23 Hot water provider, a queer old one, we hear (6)

26 Sort of energy that could relate to 1 across (5) 10 Veto is applied to workers' not 21 across (9)
17 Could be industrial—set in sides at variance (8) ers Ltd 0722 336242 +021 +021 +423 — Key Fund Managers Ltd (2)(g)
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28 Could well supply 1 across? Solution to Puzzle No. 6,102 Prog Trest (24nd)

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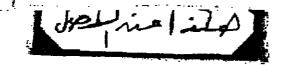
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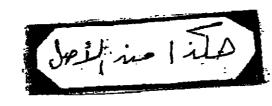
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48 9 -0 2 1 11 1 Reach at this in the end (6)
2 Come to Head to form the assembly (6)
3 Dress or hat for her (5) 70 PF 61 7 PF 61 7 PF 62 PF 62 PF 62 PF 62 PF 62 PF 63 PF 64 65.8 67.3 62.0 402 504 86.6 84.8 4 Tony led out in a disting-007 L & C Unit Trust Management Ltd 65 Percy from, Counsil Avr. ECR 78E 01-582 2000 165 LeC 107 See 1827 3 48E to 1 5 bb 165 LeC 107 LeG 200 3 48E to 1 5 bb uished way (7) 6 Could be part of instrument reacting to 1 across (9)

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Financial Times Tuesday August 19 1986 **INSURANCE, OVERSEAS & MONEY FUNDS** Money Market Bank Accounts **OFFSHORE AND** +1248 0.19 +042 0.00 +043 0.00 +0.10 0.36 | Company | Comp Pres. Sire. Car. Act. | 121.04 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | 121.05 | Since Red Chamiston, From | 18.35| | Statement Pt 23.46| | State

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Dec 493.1 404.8 403.3 F Feb 407.7 407.5 407.5 40 April 411.2 415.0 412.5 4 June 415.4 417.5 417.8 4 ORANGE JUIGE 15,000 lb, cante/lb

SILVER 5.000 troy oz, canta/troy wi

SUGAR WORLD "11" 112,000 lb, cents/fb

Ciose High Low P.
Sept 188.0 187.0 163.4 16
Dec 171.6 173.0 183.4 17
March 187.4 183.0 180.2 16
May 187.0 187.5 185.6 187
July 189.2 180.4 188.4 18
Sept 189.0 180.0 188.0 18
Dec 183.0 183.6 192.0 18
PORK SELLIES 38,000 lbs, cents/lbs

627.5 E19.0

V / < N

de-indexing Cruzado plan.

put it back on the land.

duce that Brazil will play a less active role in the market place

may well be misplaced in the longer term, as the country's

In spite of burgeoning world

supply that has pole-axed prices, the country is to press ahead with a major expansion in production. According to one estimate Brazil's wheat costs it about \$250 a tonne, while recent subsidised US sales have

reduced some offer prices to

Ignoring these figures in the name of national food security. President Sarney's new farm targets make clear that a mas-

sive expansion of wheat output is one of his top priorities. Nevertheless, it would be

wrong to depict Brazil's longerterm farm perspectives as totally gloomy. The diversity of its product spread, its

climate and the sector's capa-

the thriving high-value tropical

fruits sector, the proof of Brazil's exotic and highly fertile coastline can be found more

well below \$100.

grains policy illustrates.

Copper price at 46-month

low

By Richard Mooney

COPPER PRICES fell sharply on the London Metal Exchange (LME) yesterday, mainly re-flecting the heavy sell-off which hit New York prices on Friday night. The cash Grade A price ended the day £8.50 lower at a 46-month low of £865 a tonne, while the three months position lost £10.50 at £883.75 a tonne. Friday's New York fall, which was extended in early

trading yesterday, was caused by a wave of selling of the September futures position as investors switched into December. Tendering of physical copper against the September position starts in two weeks' time and it is usual for most holders to close out their open positions ahead of this to avoid being landed with physical material. Copper prices have been generally weak since the threat of production strikes in the US faded in early summer. Yesterday's London fall was fuelled by stop-loss selling as

chart support levels were breached, but traders said busiess was very thin. Also influencing the tone was the publication of LME stock figures showing that stocks of copper in LME registered ware-houses rose by 2,250 tonnes last week to 156,975 tonnes.
In contrast LME zinc stocks

fell by 4,950 tonnes to 24,800 tonnes causing a further rise of £9 in the cash quotation to £551.50 a tonne. The stocks fall, which had been widely rumoured last week, repre-sented heavy shipments to the US where the continuing strike at Noranda's Valleyfield smelter has caused a shortage of the metal. This has resulted in the New York price building up an attractive premium over the LME level, which last week reached about \$100 a tonne and remains at about \$80.

WAREHOUSE STOCKS (Changes during week ending last Friday)

	//
Aluminium	
Copper	+2,250 to 156,97
Lead	+300 to 40,3
Nickel	+624 to 7,5
Tin	-240 to 48,1
Zinc	-4.950 to 24.80
	(ounces)
Silver	-2 078 000 at 27,396.00

● THAI farmers are reacting to the poor returns to be obtained from most commodi-ties by stepping up their production of tapioca, which is used in the EEC and elsewhere as a cereals substitute in animal feed, according to the latest official figures reported by Reuters in Bangkok.

season beginning this October, following a revised 14.88m in of intent to reduce its role in

Brazil tries to revive agricultural production

THE BRAZILIAN Government. faced with a gloomy outlook for its traditional export crops and a dismal recent performance in food production, has just announced a three-year programme aimed both at raising output and at reducing the costs of farm support in the longer

Brazil is one of the world's largest exporters of foodstuffs. But its farm sector is bedevilled by drought in the south, poor world commodity prices, and the fallout from the Government's radical economic adjustments in February.

These are held by many to be a major contributor to the shortfalls in meat and milk supplies that have sent traders back to the international market place to supply domestic demand. According to one report last week, Brazil will need to continue to import beef for three years to meet demand.
Total farm output this year is
set to suffer a 7 per cent fall,
with a decline of as much as 11.4 per cent in the crops sector, according to the National Statistical Office.

The new programme sets a series of ambitious targets for farm output and development, creates a National Agricultural Fund (FNA) with resources of Cz 36bn (\$1.9bn) and launches a new farm credit system.

Among the objectives fixed

An annual 10 per cent increase in grains production.

The development of an adjustable minimum price system for rice, beans, sorghum, the

millet and manioc.

The increase in storage capacity from 60m tonnes of grain to 76m, with cash valued A Cz 62bn irrigation project
aimed at supplying some 3m
hew hectares with water over
in 1982 had a substantial impact the period, 1m of them in the arid north east. New statutory obligations on

The objectives are intended to complement broader targets announced last month. These include the raising of grains production from the current 56m tonnes to 71.6m tonnes in 1989, a 28 per cent rise on 1985 output, and the production of 360m tonnes of fertiliser to substitute for 600m imported

Most ambitious of all, is the Government's target of settling some 1.4m families on the land by the end of the period—a pro-gramme that has already run into serious problems in the face of violent opposition from established landlords.

Farmers leaders have given a broad welcome to the Government's programme, although

But these efforts have been But these efforts have been ment's programme, although But these efforts have been suspicion has fallen heavily on dogged in many sectors by con-Government's public statement world trading conditions.

of intent to reduce its role in With growth in the 135m

BRAZIL's BEEF deficit is creating an export bonanza for the EEC and the US, according to the latest international market report from Britain's Meat and Livestock

It estimates that Community sales to Brazil may total up to 200,000 tonnes by the end of this year. Brazil has also contracted to buy 90,000 tonnes from the US. The MLC says EEC exports of beef look set to total a of beef look set to total a record 1m tounes in 1986—20 per cent up on the 1985 level—as traders take advantage of the decline in beef output in the world's major producing countries. In addition to traditional EEC beef markets in the Middle East and North Africa, the Soviet Union has now also become a major

tion and create a new farming fund (FNA).

now also become a major

fund (FNA).

"The (FNA) mechanism will allow a new financial autonomy to farmers," he said.

There was less enthusiasm, however, for the level of financing—Cz 20.5bn—fixed for investment programmes targetted at the 1986-87 harvests. Of this, Cz 5,4bn is aimed at soil improvement, irrigation and community stores, with the remainder assigned to mechanisation programmes.

As a whole the Government has allocated some Cz 71bn for will bring about a normalisation

As a whole the Government has allocated some Cz 71bn for the three-year plan, sufficient, according to Mr Iris Resende, the Farm Minister, to achieve the 10 per cent growth target. Brazilian farming has had a mixed record over the past few

in 1982 had a substantial impact on the domestic market, depressing sales and provoking a re-orientation of targets towards banks on the supply of credit hard-currency earning export to farmers.

crops.
In 1984, the last harvest untouched by irregular climatic conditions, production of local staples — rice, beans, maize, cassava and potatoes, fell 15 per cent on output achieved in 1977. Low levels of supply were aggravated by poor prices in the home market.

The Sarney Administration, coming to power last year, has attempted to revive farming's fortunes. Anticipating an upsurge in home demand, the Gov-ernment pitched its minimum price support policies to encour-age home-use products rather than those traditionally grown

The Thai Taploca Trade Asso-ciation reports that Thailand is expected to produce 19.27m tonnes of taploca root in the been a general welcome for the been a general welcome for the breadbasket, and generally poor tonnes of taploca root in the the capacity of the sector to tinued lack of adequate rainfall

1985-86.
Following record tapioca root prices over the past season, the association said that about 1.33m hectares had been planted with the crop for the new season, compared with only 1.13m last year.

The market place.

Mr Roberto Rodrigues, president of the National Union of the Mr Roberto Rodrigues, president of the Matchinal Union of the Mr Roberto Rodrigues, president of the National Union of the Mr Roberto Rodrigues, president of the Matchinal Union of the Mr Roberto Rodrigues, president of the Matchinal Union of the Mr Roberto Rodrigues, president of the Matchinal Union of the Mr Roberto Rodrigues, president of the National Union of the Mr Roberto Rodrigues, president of the National Union of the National Union of the Mr Roberto Rodrigues, president of the Mr Roberto Rodrigues, presid Brazilian population still regis-

LONDON **MARKETS** COFFEE future prices moved

above the £2,000 a tonne mark for the first time in nearly three months yesterday as renewed concern about the Brazilian crop situation sparked off a new wave of buying. Reports that the Brazilian Coffee Institute price freeze, introduced in February as part of its radical (IEC) was about to announce a significant reduction in its For beef ranchers, the posi-tion was still more critical as a estimate of the country's 1986-87 crop had pushed the consequence of new efforts by Brasilia to push ahead with its plans for land reform. A warn-November position £80 higher on Friday. Yesterday, with the market increasingly inclined to believe those ing that farmers underutilising land would be most vulnerable reports, the position gained another £110 to £2,012.50 a tonne. Last year's 4-month to sequestration caused many beef producers to withdraw allocated stock from the market and frost has already resulted in the IBC halving its projection for the 1986-S7 crop to 14.7m bags (60 kijos each). For some time Brazilian traders have been saying this figure is too high but now some are suggesting it is much too high. The coffee price topy, d 53,000 a tonne early this year on the strength of the In an industry notorious for tax avoidance through unregis-tered slaughtering, the price freeze also encouraged a covert trade in meat. The conjuncture of these two factors has led to widespread shortages, in spite of a national on the strength of the Brazilian drought damage, herd of about 100m animals, and the need for substantial imports of frozen beef. Already about 260,000 tonnes have been ordered from abroad and speculation suggests that this year alone almost 500,000 tonnes will need to be brought in but it has been allowed to fall back because of the country's unusually mild winter, which has allowed the crop to escape the damaging frost which is a regular threat to coffee production. Milk producers have also been LME prices supplied by Amalgamated Metal Trading.

AT TURNEY LA

	·Unofficial + or ·close ·p.m.) — · £ per tonne		High/low
Cash Smonth B	745.5-7.5 751-5	-1 -2	745.5:745 757.750.6
(746-5 5), 5 5).	three mo	nths 79 5.5 (74	Cash 745-5 5 52-2.5 (755- 6.5). Final over: 11,400

will bring about a normalisation	COPPER		
in supply by the end of this month. On world markets many of	Grade A Unoffic'i — High/low		
Brazil's traditional export crops have seen little to lighten the gloom. The outlook has been unattractive for coffee and poor for another key export earner.	Cash 364.54.54. —8.5 865 3 months 883.54 —10.5.892.882.5 Official closing (am): Cash 864.5 (376-6.5). three months 833.5-4 (885.		
soya. However, any hopes of rival exporters of agricultural pro-	Kerb close: 884-5. Standard 843-2,5 -12,75, 848/847		
duce that Brazil will play a less	3 months 663-5 -10 -		

Official closing (sm): Cash 847.5-8 (858-9), three months 868-7 (878.5-7), suttlement 848 (859). US Produces prices: 61-66 cents per Ib. Total turn-

	Unofficial + of close p.m.) — g per tonne	High/low
Cash 3 months	267.8 :-1.25 267.5-8 :-1.25	269,267
(268 5-9), 9), settler close: 267	closing (am): (three months 28 ment 268.5 (269). 7-7.5. Turmover: 2 21,25-24 cents	8-8.5 (268.5- Final Kerb 2.375 tonnes.

NICKEL

	Unofficia Closerp. É per l	m.) —	High/low
Cash 5 months	2490-500 2520-5	8.5 5	2525/2505
(2,496-7), 1), settle	closing (a three mon ment 2,50 e: 2,520-25	tha 2,51! O (2,497	5-8 (2,520- '). Final

IIN

major player of substantial potential among the world's agricultural traders.

In some areas, for example Kuple Lumpur Tin Marke 14.08 (14.10) ringgit per k 0.02 ringgit per kg.

High grade	cicae(p.m. per) —	High/ lo
Cash ā months	551-2 549.5-50	+9 +6.25	552 552/548
(544-4.5), 4.5), sett	closing (a three mon lement 553 se: 547-8, US Prime	ths 550. (\$44.5) Turnovi	5-1 (544 . Fina er: 4,87
GOLD.			

OLD BULLION (fine our	ice: August 18
ilose 8377:g-378 Dening 8381-3813 Prig flx \$377.25 Ithrin fox 8377.25	(£25234-25314 (£356-26534 (£252,240
GOLD AND PLATIN	(£262,375) UM COINS
ir'g'r'nd \$376-378 2 Krug \$1951 ₂ -1951 ₂ 3 Krug \$99-100 10 Krug \$411 ₂ -431 ₄ (spicloaf \$590-3901 ₄ gel \$3851 ₂ -3881 ₂ 10 Angel \$39-42	(£252-853) (£131-1811 ₂) (£661 ₄ -67) (£2611 ₄ -2611 ₂) (£2611 ₄ -2601 ₄) (£2681 ₄ -2601 ₄)
lew Sov 590-92 lid Sov 5951-97	(£6014-611 ₂) (£64-65)

Silver was fixed 8.8p an ounce lower for spot delivery in the London buillion market yesterday et 348.05p.
US cent equivalents of the fixing levels were: spot 520.5c, down 13.4c; six-month 528c, down 13.25c; and 12-month 552.55c, down 13.4c. The metal opened at 350-251-pc (522-525c) and closed at 344-3451-pc (574-516c).

LME-Turnover: 0 (4) lots of 10,000

MEAT COMMISSION—Average lat-stock prices at representative markets; GB—Cattle 95.57p per kg lw {-0.08}; GB—Sheep 158.67p per kg eat dcw (+0.58); GB—Pigs 78.95p per kg lw (+0.28).

LIVE CATTLE | LIVE PIGS 97.50 -1.5 - - - 98.50 -0.5 103.80 - - 99.50 +0.7 106.90 +7.5 99.50 +0.5 100.00 +1.5

PRECIOUS METALS remained lower pressured by continued Commission Rouse liquidation, reports Helneld Commodities. Swiss selling in gold reportedly drove prices to session lows of \$381.50 heria December befor private. basis December before retract-ing on light trade buying. Perceptions that South Africa probably will not impose counter sanctions to those pro-

US MARKETS

posed in the Senate contri-buted to the sellost in precious metals. Conce futures closed sharply higher across the board on expectations of a reduced Brazilian coffee institute (IBC) 1386-87 crop estimate. Remarks by the IBC president Gracians indicated Friday Brazil's crop had suffered greater drought damage than previously thought. The revised estimate is expected to be available. Wednesday or Thursday. Buying was mixed with Commission Houses leading the way. Physical activity was negligible with the market dominated by the funds and chartists. futures closed sharply higher

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

COCOA 10 tonnes. S/ton

COFFEE "C" 37,500 ib, cenie/ib

Prev 189.47 173.94 174.00 176.50 176.00 180.50 179.90

Oll.S Coconut 'Phih | \$215w | +15 | \$235 | Palm Malayan | \$197x | \$225 Copra (Phil) | \$137.5w | 2.5 | \$148 | Soyabean (U.S.) | \$172.0 | | \$168

INDICES

REUTER\$

DOW JONES

Aug 15 Aug 14 M'th ago Year ago

1448.1 1451.6 | 1422.1 | 1699.2

Dow Aug Aug Mith Year Jones 15 : 14 | ego | ago

Spc: 116,99 117,36 - .115,86 Fut .115,80 115,13 - .118,63

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

Copparada ... 2865 9.5 2889

S mths ... £883,75 -10.5£805.75

Gold Troy oz ... \$377.75 -6.125 \$353.75

Load Cash ... £267.75 -1.25£236.75

Nickel ... \$267.75 -1.25£236.75

Nickel ... \$180.866 1.77.1876.

Free Mkt \$129.00 -6.0 \$118.50

Platinum oz ... \$139.00 -6.0 \$118.50

Platinum oz ... \$534.00 9.0 \$447.75

Quickellvert ... \$145.155

Silver troy oz ... \$48.056 -8.80 \$36.006

5 mths ... \$356.056 -8.80 \$364.006

(Base: December 31 1931-100)

t Unquoted. t Per 75-16 flask, c Cents pound. w Aug-Sept. x Oct. v Sept. Cotton outlook. y Nov. (2) Sept-Oct.

COCOA

After opening a few pounds higher futures drifted through an uninspired session in thin volume to close unchanged on the day. With no interest COPPER 25,000 lb, cents/lb

xpressed	by either bri	gins or	industry,		Closs	Nig
ictuals als	so remained	dniet	, reports	August	56.80	56.7
ill and D	unuş.			Sept	56.95	57.1
	Yesterday's	4		Oct	57.25	=
	Close	+ 01	Business	Dec	57.80	58.0
COCCA		` - -	Done	Jan	58.05	58.0
	£ per tonne	1		March	58.55	58.8
ept	1383-13B4	~~~	1590-1580	May	58.95 59.30	59.0 59.6
	1438-1433		1458-1450	July Sept	59.70	99.0
	1470 1471		1475-1487	Dec	80.20	
lay	1490-1491	-1.0	1492-1488			
	1508-1509		1515-1507	COTTOR	50,000	ID, CI
ept	1525-1527	+0.5	1527-1628		Close	Hilg
	1650-1651			Oct	33.45	33.4
Sales: 1.	585 (2,304) lo	ots of 1	O tonnes.	Dec	34.50	34.5
ICCO Inc	licator prices	ı (US	COURT DOL	March	35.40	35.4
ouna). Di	ily price fo	, And	18: 93.88	May	35.95	36.0
2.26 (\$1.7	e-day avers	ge tor	Aug 19:	July	36.90	36.9
-	•			Oct	37.50 38.60	37,8 38,9
COFFI	FF			Dec		
					OIL (LIG	
A strong	performanc	a with	aggres-	42,000 U	is gallon	u, 5/1

COFFEE

A strong performance with aggrassive trade and commission house buying, reports Drexel, Burnham Lembert. As the market digested lests friday's IBC report, short covering and fresh technical buying pushed levels up £125. The market structure has now turned around with the nearby months non-trading at a premium to volatile conditions. The merket retraced £40 by late afternoon but relied on the close to finish just below the day's highs.

Seuuol 5 to \$10 (67/2's) \$89(0). \$100.

ICO Indicator prices (US cents per pound) for August 15: Comp daily 1978 147.18 (143.72); 15-day average 144.71 SOYABEAN MEAL

Although trading was light good nderlying commercial support was

rvident throughout, reports Muirpaca.				
	Y'aterd'ys close	+0	Business done	
lugust October Jec			131.0 188,8	

GIL	11143
on both fit barley, close to valume, interesting. The	market found country merchants to sides with shipper selling at end on a switch basis with remaining in a nerrow range to fully steady. Berley on thin, found good shipper buying absorbing country hedge sell-his railled volume significantly stramoon session to close on gh, reports T. G. Roddick.

COTTON LIVERPOOL — Spot and shipment sales amounted to 120 tonnes. Interest being in Russien, Pakisteni and West African variaise. SUGAR

LONDON DAILY PRICE—Raw augur \$134.00 (289.50). down \$3.00 (down \$2.00) a tonne for Sept-Oct delivery. White sugar \$179.00, down \$1.00.

Low Prev 53.25 43.41 Aug 14.21 Figh Low 151.4 Aug 14.21 Aug 14.21

181,0-181,9 126,2-126,6-181,0-127,6
180,0-189,0-182,0-186,0-

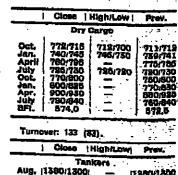
High 258,6 261,0 263,4 245,0 238,0 239,0

SOCURRED V

WEA W

Sales: 1,219 (3,774) lots of 80 tonnes. PARIS—(FFr per tonne): Oct. 1215/ 1220; Dec 1224/1227; March 1260/1265; May 1290/1305; Aug 1320/1340; Oct 1360/1380. Tate & Lyle delivery price to lated basis augar was £190.0 (£193.0) a tonne for export. International Sugar Agreement—(US cents per pound feb and atomed Caribbean ports.) Pricas for Aug 15: Delity price 5.36 (5.77); 15-day average 4.10 (8.15)

FREIGHT FUTURES



Perspectives on conservation

I ONCE met a Scot who had unexpectedly inherited a tenanted farming estate in his native land. He went round his broad acres visiting his tenants and found that compared with his own sentimental attachment to rural beauty, they had a crude and materialistic attitude. He was particularly incensed by the way they treated their glens, which divided the level arable lands. Far from beizg preserved as picturesque gems through which to wander, he found that they were being filled with all manner of farm waste, from disused implements

to dead sheep. He remonstrated with one of them only to be told that such worthless ground, unfit for the plough and of little value to livestock, was being put to the only sensible use. The tenants had to pay rent for every acre within the boundaries of their farms, so they had to make the best possible use of it.

As the war was then at its height and every acre had to show that it benefited the nation, my acquaintance had no prospect of getting them to change their attitude, one with which I sympathise to a degree. But now circumstances have changed. Food is in embarrassing surplus and we have the pressures to reduce the cost and the nonsense of growing food which is no longer required.

It is these considerations that have prompted Mr Michael Jopling, the Minister of Agriculture, to designate five "Environmentally Sensitive Areas " which are of particular import-ance for their landscape, and their historic and habitat values. They are: The Norfolk Broads. 120,000 acres; the Pennine Dales, 32,000 acres; the Somerset Levels and Moors, 65,000 acres; the eastern half of the South Downs, 62,000 acres; and West Penwith, near St Ives in Cornwall, 16,000



hoped that farmers in these for very high compensation. areas will alter their husbandry systems to meet environmental requirements. They could be asked to forego the use of fertilisers in favour of small amounts of farmyard manure. to give up drainage and gene-rally to disintensify their farming. Farmers would have to be compensated for this of course, and the Treasury has promised to provide an initial £5m. The European Commission has given the scheme its blessing and allowed the use of national funds for the purpose.

When he announced the scheme at a Press conference at Dent, in his own consti-tuency of Westmoreland and Lonsdale, Mr Jopling was apparently disconcerted by the number of farmers who turned up in so decidedly hostile a mood that he had to call a separate meeting with them to try and allay their concerns. It appears that the main objections were the severity of the restrictions the scheme would entail and the amounts pro-posed for compensation. Most farmers recognise that the public do have a legitimate in-terest in these areas but wonder situated in some of the more if the problem could not be picturesque parts of the country solved by allowing better access for arable crops in some places and leaving the farming as it

15. suggested range from £24 per acre in the Pennine Dales and from £20 to £30 an acre on the Somerset levels and moors. On the South Downs where farmers have been growing cereals intensively no figures have been mentioned, but the

The scheme is to be voluntary and could attract some support if the compensation proved adequate. Similar ones already exist in some marshland districts in East Anglia and Kent under the auspices of the Countryside Commission and the Nature Conservancy Coun-cil. The improvement of Exmoor has already been halted halted.

I use the term "improve-ment" deliberately. Although the general public has been encouraged to regard them as acts of vandalism most of the changes in farm practice have in fact been in response to presure on farmers to make their holdings more produc-tive. And the improvementsdrainage, re-seeding of grass-land and so on—have often been encouraged by government grants.

It must also be realised that farmers who have been conditioned to pushing for ever higher yields of animal and arable products are going to need a good deal of persuading to put the clock back. Take drainage for instance. This can but it is also necessary in some hill grazing areas. Sheep and cattle are subject to the attacks of the liver fluke, which is the lava of the water snail. This snail inhabits marshy patches and the fluke's life cycle includes a period in sheep and cattle where they attack and destroy the liver. Mortality

can be high. Marshy areas will give the times past. A museum is fine animals foot rot and also inhibit for an afternoon's visit, but acres.

The details of the scheme are very vague at present, but it is difference in returns between animals foot rot and also inhibit tionally would lead to demands the growth of fresh grass

strains. The older pastures are often badly infested with intes-tinal worms which can be much better controlled by reseeding than by constant medication.

Some critics complain of the replacement with wire fences of live hedges and stone walls This again is purely economic as both are very expensive to maintain. And modern build-ings, suitably sited, are much more adaptable to today's handling techniques and livestock shelter than those that were built generations ago.

It seems to me that the con-cept of an environmentally sensitive area is based on what could be called historical perspectives. The English country-side has been evolving over the centuries in ways dictated by the economic demands of the the economic demands or the times. The swamps began to be drained by the Romans; hedges were the result of the enclosure acts; and forests were planted to supply fuel and timber.

This evolution practically went into reverse during the long depression which lasted from the 1870s until 1939. During that period, on all but the best land, dereliction began to take over. Weeds and bushes invaded pastures and arable fields. There was no new investment and so no new buildings or houses. Rabbits cropped the unproductive downland turi and there was a lot of cover for

To farmers it was a period of decay and dereliction. But it seems that the more distant we draw from it, the more its memory attracts the nostalgia of the environmentalists. I doubt if we could recreate this pre-1940 landscape even if we wanted to. The best solu-tion would be to encourage among the environmentalists an

appreciation of modern farming

and what it is all about. Their present intention appears to be to turn as much of Britain as they can into a museum of times past. A museum is fine who wants to live in one?

Gold fell S5½ an ounce from Friday's close in the Landon bullion market yesterday to finish at \$3772-378. The metal opened at \$381-381½ which proved to be the day's high and was sold after a lack of follow through demand after its recent strong improvement, it touched a low of \$3752-375½.

SILVER Bullion + or LM.E. + or per Fixing price Unofficial

oz. Cash high/low 348p, three month high 358p, low 355p, final kerb 351.2p. MEAT

Month |Y/day's + or |Y/day's + or

Cattle sales: 0 (0) lots of 5,000 kg. Pigs sales: 0 (0) lots of 3,250 kg.

HEATING OIL 42,000 US gallons, cants/US gallons

	Close Close	+0	Business done
I	2 per tonne 128,0-184,0 181,0-181,8 129,8-129,0 181,2-181,5 181,5-182,5 129,0-180,5 129,0-180,5	-0.29 +0.19 +0.55 -0.25	131.0 128.8 131.5
eles: 18	5 (204) lots	of 20	tonnes.

GRAINS

Hay 116,50 +0,55 112,40 -U,00

Business done 'heat: Sept 104,904.75 Nov 106,90-b. Jen 110,00-9,75,
Mar 112,75-2,55, May 119,40-5,25.
Sales: 130 lots of 100 tonnes.
Barley: Sept 103,00-2,65, Nov 105,905.20, Jen 108,40-8,00, Mar 110,40 only,
Sales: 78 lots of 100 tonnes.

Barley: Sept 103.40-2.65, Nov 105.80-5.20, Jan 108.40-8.00, Mar 110.40 only. Sales: 78 lots of 100 tonnes. LONDON GRAINS—Wheat: US dark northern apring No 1 15 per cent Sept 95.75, Oct 97.25, Nov 99.25. US No 2 501 red winter Sept 94.25, Oct 95.75, Nov 97.25. Franch 112-12 per cent Aug 125.00. English feed feb Sept 117.00-117.50, Oct-Dec 11.25-112.00, Jan/Merch 115.25-116.00. April-June 118.50-119.50, buyers/sellers. Maize: US No 3 yellow/Franch transshipment east coast Aug 150.50. Barley: English feed fob Sept 107.00-107.80, Oct-Dec 11.25-112.00, Jan-March 115.25-116.00. April-June 118.50-119.50, buyer/seller. Dest unquered. HGCA—Herewith today's locational ex-term spot prices: Faed Wheat: Eastern 101.00; E. Mids 104.70. Feed Barley: Eveatern 98.80; E Mids 98.30; N East 100.50; Scotlend 107.20. The UK monetary coefficient for the week beginning Monday August 25 (based on HGCA calculations using 4 days exchange rates) is expected to be unchanged.

TEA

20,930 packages were on offer at the London tas auctions, including 1,000 offshore, reports the Tee Broker' Association. Demand continued atrong and general. Bright liquoring and medium East Africans consolidated at last week's levels. Better quality tase from Malewr and Tanzania proved a strong fasture and were desert, often by 5-10p. Plainest descriptions again attracted limited interest and were irrogularly easier. Coylons met good competition at fully firm prices with improved quality invoices appreciably desirer. Offshore tass were well supported at firm to desere rates. Qualityions: quality 200p a kg nominal (200p nominal): medium 168p a kg (168p); low medium 155p a kg (168p).

45.44 : 46.40 : 46.40 : 42.70 : 41.47 : 41.00 45.50 46.35 46.75 46.80 44.50 42.00 47.35 PLATINUM 50 trey oz, \$/trey ez 538.3 539.0 542.5 547.5 683.0 559.0

POTATOES After a quiet morning of drifting values the market finelly and conclusively broke down through £185.00 for April hitting a succession of stop-loss orders on the way. The lack of fresh information in the face of a dull physical market and a week Dutch quote resulted in stele buil long figuridation which contributed to the change in sentiment, reports Coley and Harper.

Sales: 1,382 (445) lots of 40 tonnes. Earlies—Aug 90.00, unchanged: Sept 85.00-5.00. Sales: Nil lots of 10 tonnes.

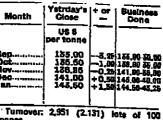
RUBBER PHYSICALS—Closing prices (buyers) Spot 80.00p (58.75p); Oct 59.50p (58.25p); Det 59.50p (59.25p). The Kuala Lumpur fob price (Malayancents per kifo); RSS No 1 221.0 (—) and EMR 20 188.5 (—).

FUTURES—Index 595, Sept 580.592, Oct/Dec 570.585, Jan/March 588.588, April/June 600.608, July/Sept 602-808. Salas: 0.

CRUDE OIL FOR (\$ per burrel) - Sept. PRODUCTS-North West Europe Prompt delivery cif (8 per tonne)

Petroleum Argus estimates. The Brent merkets opened firm with trade up to 14.83 in September and 15.15 in November. Trading was thin in the morning and came to e standstill by the time Nymex opened. September WTI on Nymex opened 13c up and traded 5c up at 1.30 pm EDT. In the petroleum products market strong buy-

GAS OIL FUTURES



Turnover: 15 (0).

SPOT PRICES SPOT PRICES—Chicago loose lard 15.00 (same) cants per pound, Handy, and Harman silver bullion 514.5 (529.5) cants per troy space.

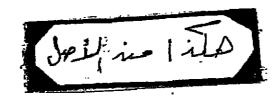
through 93.96 which has proved to be a stubborn resistance level. After trading in a four point range the September price closed at 93.80.

UK long glits opened at 120-17

for September delivery down from 120-19 on Friday and eased

to 120-15 before recovering on better than expected PSBR figures to 120-21. However there

was little follow through interest and values retreated to a low of 120-11 before finishing at 120-18.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES Dollar stays in narrow range

THE DOLLAR remained within its recent trading range yesterday. Volume was low because of the summer holiday's season and ahead of today's second quarter revision to US GNP figures. This is not GNP figures. This is not expected to show much change from the previous estimate of a month 4.55.4.45 pm 1.281.24 pm 1.301.25 pm 11.281.24 pm 12.301.25 pm 12.301

The D-Mark continued to at Y230.0 from Y230.25 and strengthen within the European Monetary System. In Paris it rose to a record fixing level of FFr 3.2549 up from FFr 3.2524 with FFr 10.02.

£ IN NEW YORK Prev. close Spot 81.4930-1.4949/\$1,4955-1,486 1 month 0.48-0.46 pm 0.48-0.45 pm 3 months 1.30-1.26 pm 1.28-1.24 pm 13 months 4.56-4.45 pm 4.68-4.46 pm

discount rate over the next month or so.

With US housing starts due later this week, expected to reinforce the sluggish nature of the US economy, many traders expect the US authorities to take an accommodative stance at today's meeting of the Federal open market committee.

The D-Mark was also stronger at DM 2.0620 on Friday. Despite timpressed by the Danish Government's ability to avoid devaluation of the krone in the face of a chronic trade deficit.

STERLING — Trading range against the dollar in 1986 is 20.270 to 153.70. July average against the dollar in 1986 is 20.270 to 153.70. July average 158.61. Exchange rate index 71.7 an Friday. The six months 2.0705 against DM 2.0630 and 20 figure was 74.0.

SFT 1.6755 from SFT 1.6625. It was a little weaker against the yesterday. There was yen at Y154.10 compared with Y154.15 but rose against the dollar in 1986 is 20.270 to 153.70. July average 218.2 against 193.0 six months 2.0705 against DM 2.0630 and 200 figure was 74.0.

SFT 1.6755 from SFT 1.6625. It was a little weaker against the opening and the proposition of the krone in the face of a chronic trade deficit.

SFT 1.6755 from SFT 1.6625. It was a little weaker against the dollar in 1986 is 20.70 to 153.70. July average 158.61. Exchange rate index 71.7 an Friday. The six months 20.075 against 193.0 six months 20.075 from SFT 1.6625. It was a little weaker against the opening and 71.7 an Friday. The six months 20.075 against 193.0 six months 20.075 against 193.0 six months 20.075 from SFT 1.6755 from SFT 1.6725. It was a little reaction to better than expected PSBR figures was. Speculation over a condinated cut in interest rates because of the builday season at \$1.4930 from \$1.4945 and the dollar was confined to its received proposition were a condinated cut in interest rates because of the builday season at \$1.4930 from \$1.4945 and the dollar was confined to its received proposition from 20.075 and at \$1.4930 from \$2.4935 and 20.075 and 20.0

POUND SPOT-FORWARD AGAINST POUND

-0.45 5.01 -5.90 -3.30 -1.41 -4.81 2.46 0.05 4.78 4.31 5.29 **DOLLAR SPOT-FORWARD AGAINST DOLLAR**

EXCHANGE CROSS RATES

Aug.18| £ | \$ | DM | YEN | FFr. | 8 Fr. | H FL | Line | C \$ | B Fr. 1.493 5.085 230.0 10.06 2.503 3.485 2123 2.082 64.00 1. 2.071 154.1 6.738 1.676 2.533 1421 1.395 42.85 0.323 0.483 1, 74.37 3.263 0.809 1.126 886.0 0.673 20.70 43.48 6.491 13.46 1000, 43.74 10.88 15.14 9224, 9.052 278.5 0.924 1.484 3.074 228.6 10, 2.488 3.463 2109, 2.070 63.63 0.400 0.597 1.286 91.91 4.020 1, 1.392 847.8 0.832 25.57 0.287 0.499 0.888 66.04 2.889 0.719 1. 609.2 0.598 18.38 0.471 0.704 1.488 108.4 4.742 1.180 1.642 1000. 0.981 30.17 C \$ 0.480 0.717 1.485 110.5 4.832 1.302 1.673 1019. 1. 30.74 B Fr. 1.563 2.533 4.832 259.4 15.72 3.910 5.441 3515. 2.853 100. You par: 1,000; French Fr per 10; Lina per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

August 18	Short term	7 Days notice	1 Month	7hree Months	Bix Months	Year Year
Sterling	978-10	978-10	978-10	874-818	95g-95g	959-939
U.S. Dollar	64.64	64e 64e	8 /1 5/8	6 to 6 to	616-616	64 04
Can Dollari	84.84	8.84	8.814	8,3.8,	8\i-8\i	878-918
D Guilder	5te-67s	55 ₄ - 57 ₈	Blg-56g	S14-588	514-534	54-54
Sw. Franc	14-14	14 14	418414	44.44	44.43	44.44
Deutschmrk	44.44	4 4 4 4	41.48	48g-41g	44444	4 & 4 &
Fr. Franc	2 71	7.71	7.71	7-71a	716 714	76.76
Italien Line.		1178-13	111g-13	104-114	10%-114	106g-114
B.Fr.(Fin)	7.714	2-714	71a-74	718.758	719.739	718-748
B.Fr.(Con)	7-714	7.710	7.71	7.714	7.74	7.74
Yen	5.5.	8.6	479-412	45, 418	458-434	458-434
D. Krone	V 91	منو و	814-954	914 934	914-934	912-10
Asian \$ (Sng)	68a-63a	6-6-a	64.64	64.64	6,6-6,6	6.8 6/6

CHICAGO

US TREASURY BILLS (IMEM) \$1m points of 100%

CERT DEPOSIT (IMM) Sim points of 100%

9.00 am 10.00 am

1.00 pm 2.00 pm

High —

92.39 92.39

71.7

71.7

Aug 15 Previous

71.9 71.9 71.8 71.8

STERLING INDEX

Low

100-04 93-09 98-14 97-22 96-28 96-08 95-17

against the dollar in 1986 is 2.4710 to 2.0608. July average 2.1521. Exchange rate index 139.0 against 122.5 six months The D-Mark slipped from the day's high against the dollar in Frankfurt but showed some strength against the French franc and Danish krone. Trading volume was on the low side ahead of today's revision to second quarter US GNP aithough this is not expected to show much change. The dollar closed at DM 2,0640 compared with DM 2,0620 on Friday. Despite the dollar's recovery from earlier levels, the dollar's undertone remained bearish.

JAPANESE YEN — Trading LIFFE LONG GILT FUTURES OPTIONS

the dollar was confined to its recent trading range with little or no incentive to push it much weaker without further stimulus. The US unit closed at Y153.95 compared with Y153.75 in New York and Y154.30 in Tokyo on

CURRENCY MOVEMENTS

-20.6 +2.4 +3.0 -6.8 +0.4 +17.3 +21.5 -16.4 618 1980-1962=100. Bank of Engi

average 1975=100).

CURRENCY RATES rate Drawing Current % Rights Unit 0.809987 6 1.81004 8 51.6627 7 9.86273 314 2.49607 914 2.81213 914 11997 12 MA 315 8.87806 8 8.87806 8 8.37227 4 2.01351 8 163.46 8 8.37227 4 2.01351 8 163.471 NA 0.684104 1451.26 157.399 7.49921 135.435 7.07682 1.70081 137.667 0.760116

OTHER CURRENCIES

Arg'tina... 1.4380-1.4370 0.9600-0.9650
Aus'alia... 2.3828-2.38601.5970-1.5990
Brazil..... 90.53-20.66 13.77-13.84
Finland 7.3280-7.3390'4.9130-4.9180
Greece ... 199.30-202.70133.5-0.135.70
Firan...... 11.8580'7.8084-7.8070
Firan...... 115.70°
Kuwait ... 6.4340-0.43500.28950-0.38980
Linc'burg 6.396-64.06
M'2'land, 8.9890-3.8460 2.5700-2.6760
M'2'land, 8.9890-5.6126 3.7626-3.7640
Sin'pora. 3.8155-3.2805 2.1530-2.1550
244' (Omi) 3.8970-3.9285 2.5900-2.6270
247 (Chil. 7.1088-7.46504.7680-5.0000
U.A.E.... 6.4888-5.4920/3.6728-3.6735

71.7 71.8 71.7 EMS EUROPEAN CURRENCY UNIT RATES Beigian Franc ...
Danish Krona ...
German D-merk
Franch Franc ...
Dutch Guilder...
Irleh Punt
Italian Lire 43.1139 7.81701 2.11063 6.87316 2.37833 0.764976 1476.95 43.6606 7.91853 2.10686 6.86358 2.37612 0.760116 1451.25 +1.27 +1.30 -0.09 -0.14 -0.09 -0.64 -1.74 ±1.5368 ±1.6403 ±1.1127 ±1,3659 ±1,5059 ±1,9683 ±4,0734

Changes are for Ecu, therefore positive change denotes week currency. Adjustment calculated by Financial Time

MONEY MARKETS

UK rates little changed

in terms and featureless trading upon the substitutions of the substitutions in retail sales by 1.2 per cent in July while the July PSBR showed a surprise net repayment of £20m. With sterling unchanged from Friday, three-month interbank money finished at 9½-9½ per cent; unchanged from Friday. Overnight money opened at 9½-10 per cent and from the substitution of £15m through outright purchases of eligible bank bills £124m in band 3 at 9½ per cent and £1m in band 3 at 9½ per cent.

The Bank gave assistance in the designed to add liquidity to the money market. Banks and other institutions must have entered bids by this morning for the 4.35 per cent fixed 35-day agreement, with successful applicants being credited with funds tomorrow. This £15m through outright purchases of eligible bank bills, £124m in band 3 at 9½ per cent and £10m in band 3 at 9½ per cent. Late assistance came to £140m making a total of £400m.

In Frankfurt the Bundesbank bills fill the fill the

The Bank of England forecast a shortage of around \$450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining \$493m and the unwinding of previous sale and repurchase agreements a further \$270m. In addition hanks brought forward balances \$20m below target. These were slightly offset by Exchequer transactions which added \$40m and a fall in the note circulation of \$315m.

The furniest was revised to \$500m \$150m \$1

The forecast was revised to 10-year a shortage of around £400m and 30-year MONEY RATES

Over-night Months | M 4.46 4.95 4.50 4.60 4.50 4.65 4.50 4.66 4.50 4.66 74.74 74.7

UK clearing bank base lending rate 10 per cent since May 22 morning for the 4.35 per cent fixed 35-day agreement, with successful applicants being cred-ited with funds tomorrow. This DM 4.9bn. maturing FT LONDON INTERBANK FIXING Six atombe US dollars reference banks at 11 am each working day. The banks are National Westmin-ator Bank. Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust. LONDON MONEY RATES

Appust 18 95g-97g | 954-978 9%-10 9%-9% 9%-10% 9%-10% SDR Linked Depos...

Treasury Bills (sell): one month \$\mathrm{S}_{20}\$ per cent; three months \$\mathrm{S}_{20}\$ per cent. Bank Bills (sell): one month \$\mathrm{S}_{20}\$ per cent; three months \$\mathrm{S}_{20}\$ per cent. Treasury Bills: Average tender rate at discount 9.545 per cent. ECGD fixed Finance Scheme IV reference date July 2 to August 5 (inclusive): 10.009 per cent. local Authority and Finance Houses seven days' notice, others seven days' fixed, Finance Houses Base Rate 10 per cent from August 1 1886. Bank Deposit Rates for same at seven days' notice, others seven days' fixed, Finance Houses Base Rate 10 per cent from August 1 1886. Bank Deposit Rates for same at seven days' notice 4.35-4.375 per cent. Cartificates of Text Deposit (Series 6): Deposit £100.000 and over bold under one month 10 per cent; one-three menths \$\mathrm{S}_{20}\$ per cent. Under £100.000 \$\mathrm{P}_{20}\$ per cont; six-sine months \$\mathrm{P}_{20}\$ per cont; six-sine form August 6. Deposits beld under Series 5 \$\mathrm{P}_{20}\$ per cent. Deposits withdrawn for cash \$\mathrm{P}_{20}\$ per cent.

FINANCIAL FUTURES Quiet trading

TRADING was lacklustre and featureless in the London International Financial Futures featureless in the London Inter-national Financial Futures Exchange yesterday. Sterling based instruments derived little inspiration from an unchanged cash market and a steady pound while Euro-dollars and US bonds were held in limbo ahead of today's second quarter revising to US GNP. Even this is not generally expected to provide

much of a catalyst with the US economy still showing signs of sluggish growth as highlighted by yesterday's small decline in factory capacity utilisation.

September Euro-dollars opened at 93.80 down from 93.85 on Friday with the weaker start a reflection of the market's lack of stimulus. In addition there was little incentive to buy after last week's failure to break

Despite the lack of interest the September contract still recogled over 3,500 lots traded. Calla-legt Dec 12.06 11.40 10.06 9.51 8.06 8.05 6.06 6.32 4.08 8.05 9.61 2.55 9.61 2.55 Calle-Lest
to Dec Mar June Sept
11.40 -- - 0.00
68 9.91 -- 0.00
98 8.05 -- 0.00
98 6.32 -- 0.00
98 6.32 -- 0.00
98 6.35 -- 0.04
91 7.25 -- 0.14
91 7.203 -- 2.51
90 yellowe total, Calla 169 Puta
day's open int, Calla 2,506

Calls Last
Oct Nov
9.50 9.80
5.30 5.80
2.40 3.10
1.00 1.50 Dec 19.89 10.00 6.10 3.50 1.90 1.00 0.70 Calls Sept 0.50 0.15 0.60 2.40 6.20 11.00 17.40 4,758

LIFFE-EURODOLLAR OPTIONS \$1m points of 100% 1.E3 1.56 1.50 —
1.28 1.31 1.27 —
1.03 1.08 1.05 —
0.78 0.95 0.85 —
0.53 0.64 0.66 —
0.30 0.45 0.49 —
0.12 0.30 0.35 —
ous day's open int. Calls lated volume, Calls 57 Put 19.10 — 19.30 — 14.70 14.10 14.30 14.10 9.70 9.10 9.70 19.90 4.30 4.80 5.90 6.60 1.30 2.20 3.30 4.30 0.20 0.80 1.90 2.80 0.05 0.20 0.80 1.55 ous day's open int, Calls - 0.15 - 0.05 1.45 0.40 1.40 2.70 1.30 2.90 4.50 3.40 5.20 7.10 7.05 8.20 10.40 0.00 0.01 0.04 0.00 0.01 0.06 0.00 6.03 0.09 0.00 0.05 0.14 0.00 0.09 0.20 0.02 0.16 0.28 0.09 0.26 0.39

LONDON THREE-MONTH EURODOLLAR \$1m points of 100% 20-YEAR 12% NOTIONAL GILT 250,000 32nds of 100% Prev 100-25 99-31 99-03 98-07 97-13 96-21 95-31 95-11 £100,000 64ths of 100% High Low 101-01 100-60 Sept 109-62 101-01 109-60 100-62 Dec 101-03 — 100-62 Horse 101-03 — 100-63 Estimated volume 141 (255)
Pravious day's open int 1,289 (1,312)

Prev 94.14 94.16 Sept 162.85 164.00 162.80 163.20 Dec 165.90 — 168.15 March 163.30 — 188.65 Estimated volume 102 (429) Previous day's open int 2,423 (2,499)

Close High Low Prev 93.78 93.87 93.78 93.85 93.80 93.82 93.78 93.85 93.21 93.55 93.52 93.78 93.51 93.55 93.52 93.55 93.24 — 93.22 erted volume 2,543 (3,271) ous day's open int 19,815 (19,661) US TREASURY BONDS 8% \$100,000 32nds of 100% Close High Low Price 99-12 100-03 100-23 199-31 100-05 100 **CURRENCY FUTURES** Previous day's open int 1,280 (1,312)

THREE-MONTH STERLING E500,000 points of 100%

Sept 90.36 90.38 90.34 90.39 Dec 90.58 90.71 90.68 90.72 90.72 90.72 90.70 90.75 March 90.72 90.72 90.72 90.70 90.75 Sept 90.35 — 90.54 90.54 90.54 90.54 90.54 90.54 90.55 Sept 90.35 — 90.41 Estisanted volume 1,022 (3,129)

Previous day's open int 15,253 (14,375)

FT-SE 100 INDEX E25 per full index point

Close High Low Prev POUND-\$ (FOREIGN EXCHANGE) LIFFE-STERLING £25,000 \$ per E High Low 1.4910 1.4859

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Appointments 4 6 1

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Major international investment company requires a Corporate Finance Analyst, aged 25-30, educated to degree standard, with at least two years' broad experience in U.S. and Euro capital markets ideally gained in U.S. and Australasian environment, familiar with currency and interest rate swaps. new issues/origination procedures/regulatory requirements able to act as advisor to Japanese/European clients. Salary circa 535,000. Please write in strictest confidence, enclosing curriculum

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Personal



VALUE OF

COUNTRY

OLD FRIENDS DOES LIFE BEGIN AT 40?

VALUE OF

CURRENCY

MARRIAGE, FRIENDSHIP or COMPANIONSHIP The Introduction Agency for the 40s, 50s and 60s Details: Anne Breat 18a Highbury New Park, N5 5DE. Tel: 81-226 5432

YWORLD VALUE OF THE POUND

The table below gives the intest available rate of exchange for the pound against various correncies on August 18, 1986. In some cases rate is nominal Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. deltar parties and going starling-deltar rate; (T) tourist rate; (Bus) basic rate; (by) buying rate; (Bix) bankers' rates; (cm) commercial rate; (cm) commercial rate; (nom) nominal; (by) buying rate; (Bix) bankers' rates; (cm) commercial rate; (nom) nominal; (a) efficial rate; (sy) salling rate; (c) controlled rate.

COURTET	CURRENCY	£ STERLING	COUNTRY	GURRENCY	& STERLING	COUNTRY	CURRENCY	£ STERLING
Afghanistan	Afshani	99.00	Shera	Cedi	134.460	Panarea	Rethen	1.4090
Albania	Lek	77.00 10.16	Gibraltar	Gibraltar £	1.0	Papua New Guinea	. Kina	1.4730 1.4507
Algeria	Disar	6.92	Greece	Drachma	200.94	1 '		(358.03 (10)
Andorra	(French Franc	20.0600	Greenland	Danish Krone	11.6225	Paraguay	. Gestrani	1969.67
AFDOTTA	(Spanish Peseta	199.70	Crenada	E. Carlobean S	4.03	Pers	. Intl	exe(A)20.80
Angola	Kwasza	44.963	Guzdaloupe	Local Franc	10.0600	Philipines	Philiplan Pesa	29.90
Antigua	E. Caribbeau \$	4.08	G0907	U.S. \$	1.4930	Pitraire Islands	∫£ Sterling	_
Argentina	Australi Floris	14344	Guatemala	Quetzei	1.4930		New Zealand \$	2.9958
Arche	Piorisi Australian S	2.68 2.3843	Culnea-Bitsan	Franc	508.30(19)	Poland	Zloty	239.23
Austria	Schilling	21.685	Grista	Peso Gapanese \$	254.866 5.9530	Puerto Rico	Escudo U.S. 5	217.12 1.4930
Azores	Portuguese Escurio					Garante Contraction of the Contr	Castari Road	
i			Haki	Gourde	7.4650	Downton tale de la		5.4505
Salvaceas	Sabama \$	1.4930	Hondsras	Lempira H.K. S	2.9985 33.6600	Remnion Late de la		10.0600 ((cm) 6.46
Behrala	Dinar	0.5635	Hangary	Fortet	64.960	Romania	Leo	(N/C) 15.91
Baiearic Islands Bangladesh	Spanish Peseta	199.70	-			Regards	Rwanda Franc	124.50
Bartades	Take Barbados S	44.40 3.00	Iceland	icelandic Kroon	60.641	St. Christopher	E. Caribbana S.	4.03
1		((cm) 64.00	India	Indian Repee	18.75	St. Helene		10
Belgium	Belgion Franc	(Ga) 64.55	1189	Ruptab Riai	1,689.35 113.70	St. Lucia	E. Carthbean S	4.09
Belize	B \$	2.98 .	irae	Iraci Distr	0.4586	St. Pierre	Local Franc	10.0600
Bexia	C.F.A. Franc	503.00	Irish Republic	Pint Stated	11145	St. Vincent	E. Caribbeau S	4.03
Вегинова	Bermudian \$	1.4930	1978)	Shelzel	2.20	Samon American	U.S. \$	1.4990
Bhotas	Ngultrusi Bolintus Pess	18.75 (a) 2850965.0	taly	Lira	2121.50	San Marino	Italian Lira Dobra	2,121.50 56.01
Botswarm	Puba	3.0865	Ivory Coast	C.F.A. Franc	503.00	Saud Arabia	Saudi Roei	5.6102
8-921	Cruzado	20.59 (20)	Jameica	Jamakan Dollar	7.5650(sg)	Senegal	C.F.A. Prace	503.06
British Virgin Islands	U.S. S	1.4930	بيسسسي محودل	Yes	230.00	Seychelles	S. Rupee	8.74
Brusel	Branel \$	3.2280	Jordan	Jordanium Dinar	0.5115	Sierra Leoge	Leone	(a) 44.08
Bulgarie	Lev	1.3830	Kampochez	Rief	N/A	Singapore	Singapore \$	3.2180
Burking Faso	C.F.A. Franc	503.00	Kegya	Kema Shilling	23.85	Solomou Islands	Soloman Is. \$	2.6425
Sorma	Kyat Birmodi Franc	10.8267 172.00	(Gritati	Australian S	2.3843	Somali Republic South Africa	Somali Shilling Rand	53.748
Berond		11500	(Korna (North)	Won	1.4034	Spales	Peseta.	3.9133 199.70
Camaroon	C.F.A. Franc	503.00	Korea (South)	Woe	1319.78	Spenish ports le	, 1914a	237.10
Canada	Canadan 5	2.0820	Kerwait	Kuwati Diagr	0.4345	North Africa	Peseta	199.70
Canary Islands	Spanish Peseta	199.70	Laos	New Kin	52,2550	Sri Lauka	S.L. Rupee	41.80
Cape Verde Islands	Cape V. Escudo	133.27	Lebanon	Lehtmese £	67.1842	Seden Republic	Soden £	3.7325
Cayman Islands Cent. Afr. Republic	Cayman Isles. S	1.24 503.00	Lesotho	Maleti	5.9133	Surinam	S. Guilder I. Hannesi	2.6650
Chad	C.F.A. Franc C.F.A. Franc	503.00	Liberia	Liberian \$	1.4930	Swaziland	Litangem Swedish Krona	3.9133 10.3500
Civile	Chilege Peso	288.30	Libya Liectrienstela	Libyen Diser	0.4755	Switzerland	Swiss Franc	2.5025
China	Renational Years	5.5443	Trustacta	Swiss Franc Luxenbourg Franc	2.5025 64.00		Syrian £	(W) (T) 9.0
Colombia	Col. Peso	(F) 296.09				Syria	Syring E	((cm) 5.8600
Contoro Islands	C.F.A. Franc	503.00		Pataca	12 1184		No. Toler	~~~
Congo (Brazzville)	C.F.A. Franc	503.00	MAJCHE	Portuguese Estado	217.12	Taiwan	New Talvan S Tán. Shilling	55.89 61.90
Costa Rica	Colon Cuben Peso	(U) 84.26 1.2979	Maiagasy Republic Maiawi	M.G. Franc Keache	1095.00	Thatland	Raht	38.70
Cyprus	Cyprus É	0.7280	Maleysia	Ringgit.	2.9625 3.8420	Togo Republic	C.F.A. Franc	503.00
4,,	4,5-4	(Com) 8.95	Makiwe klands	Ruffres	10.4510	Tonga islands	Palanga.	2.3843
Czechoslovakia	Koresta	{at 15.59	Maii Republic	C.F.A. Franc	503.00	Trinklad & Tobago	Trinktad & Tob. \$	5.3748
		lm 1523	Mafta	Mathe £	0.5560	Tonisia	Tunisian Disar	1.1672 (sg)
Deoreark	Danish Kroper	11.6225	Martinique	Local Franc	20.0600	Turkey	Teridish Lina	1002.32
Officeral Republic of	Dilboxt Franc	260.0	Mauritada	Osgolya	111.82	Tively	U.S. \$ Australiae S	1.4930 2.3849
Dominica	E. Carlbbean \$	4.03	Mauritles	Mauritian Rapes	19.45			(F) 6,800,00
Dominican Republic	Dominican Peso	4.2831 (7)	Mexico	Merdizip Pesa	((F) 1017.40 (c) 981.13	Uganda	Uganda Shiling	12,000,0 (4)
	_	(ω) 262.97	Mignelon	Local Franc	19.0600	United States	U.S. \$	1.4930
Ecuador	Sucre	(F) 246.14	Mossaco	French Franc	10.0600	Uraquey	Uruquay Peno	234.21
		(1,045)	Mongolia	Tuerik	5.0097	United Arab Emirates.	U.A.E. Dirbara	5.4902
Egypt	Egyptian £	(m 2.00	Montserret	E. Caribbean S	4.03	U\$\$R	Rouble	1.0089
Él Szivador	Calon	7.4590	Moreces	Dirfraes	13.00 (57)	Vacantie	Vate	145.90
Ecuratorial Guinea	C.F.A. Franc	503.00	Mozenbique	Metical	(A) 59.90	Vaticas	Italian Lira	2,121.50
Ethiopia	Ethiopian Birr	3.09	Nambia	S.A. Rand	3.9733			(40 6.40
Falkland klands	Falktard Isles £	10	Navro Islands	Australian S	2.3843	Venezuela	Boliver	{(5) 11.19
Farge Islands ,	Danish Kroper	11.6225	Nepal	Nepalese Ropee	30.64	.=	.	(6) 29.19
FIJI Islands	FHT S	1.7287	Hetherlands	Gallder	3.4825	Vietnant	Dong	(a) 17.6401(15)
Finland	Marida	7.3335	Netherland Antilies	Antilikan Çolider	2.6874		U.S. \$	1.4930
France	Franc	20.0600	New Zealand	N.Z. \$	2.9958	Wastern Samoa	Taia	(A) 3.42
French C'ty in Africa	C.F.A. Franc	503.00	Nicaragua	Contoba	(a) NYA	Yemen (North)	Real	
French Guiana	Local Franc	10.0600	Niger Republic	C.F.A. Franc	503.00	Yemen (South)	S. Yemen Dina-	(A) 10.4580 (sg) 0.5127
French Pacific Islands ,	C.F.P. Franc	179.0	Nigeria	Naira	1.944457	Yugoslavia	New Y. Digar	596.48
Gabon	C.F.A. Franc	503.00	Norway	Norwegian Krone	<u> 1</u> 0.9775			
Gambia	Datasi	10.80	Oman Suframor of	Rial Ocusei	0.5750	Zaire Republic	Zaire	89.223
Germany (East)	Ostmark	3.0925				Zambia	Kwacha	8.60
Germany (West)	Deutsche Mark	3.0925	Pakkian	Pakistan Rupee	25.10	Zababwe	Zimbabere S	252
						<u> </u>		
			- 					

#Rate is the transfer market (controlled). ## Now one official rate. (1) Exsential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and exsential imports. (5) Preferential rate. (6) Free rate for lowery imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Bate for exports. (14) Nearly all business transactions. (15) Victorians.—1 new doing equals 10 old doings. (16) Perti.—1 held equals 1,000 coles. (17) Israel:—1 new shekel equals 1,000 old shekels. (18) Analla Tombe—ever carrency introduced January 2, 1986. (19) Geliech Republic.—france, new exchange rate assessment.—1 cruzado equals 1,000 cruzatros. Correction for

26	Financial Times Tuesday August 19 1986 ENGINEERING—Continued INDUSTRIALS—Continued INDU
Second Stack Price + or Yield High Low Stack Price + or Yield High Low Stack Price + or Yield High Low Stack Price + or Biv Yield High Low Stack High Low Stack High Low Stack High Low Stack High Low High	LONDON SHARE SERVICE Stock Price - Not COV Gry Pric Stock Price - Not COV Gry Pric
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10 10 10 10 10 10 10 10	15 12
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975 9.22 9.39 57.4 31.6 9.70 9.20 9.39 9.21 9.20 9.39 9.21 9.20 9.39 9.20 9.30 9	279 171 Mayer Im. 234 45 5.75 3.7 3.5 10.7 11 25 Service Products 241 271 388 231 346 271 388 231 346 271 388 231 346 325 388 38
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(2) 5% (b) Figures in parentheses show RPI base month for indexing, se 8 months prior to issue. RPI to December 1985; 376.9 and for July 1986; 384.7. INT. BANK AND O'SEAS GOVT STERLING ISSUES 1164 941 Share From the Stript of Stript	452 333 Histon int 50p 985 will - 15.07 2.5 5.5 9.9 117 28 Learn int 50.01 28 1.33 4.3 7.0 3.7 378 300 larget Group 325 +3 7.72 2.5 3.5 12 12.5 12.5 12.5 12.5 12.5 12.5 12.5
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7 9 93, ment 6 th 1955 19.19 152 10.10 115, de 2006 128 10.55 10.19 152 120 Dobgs A Cur Pri. 124 69. 6.8 17.7 17.7 19.1 124 10. 538.d+1 125.5 27 6.7 7.7 19.1 12.4 10. 58.2 10.5 10.19 152 120 Dobgs A Cur Pri. 124 69. 6.8 17.7 19.1 11.76 19.1 1	270 14 Amber Dep 27g 18 +1 8 -1 10.2 190 55 440 februarities 55 10.4 10.2 10.5 440 februarities 55 10.4 10.2 10.5 440 februarities 55 10.4 10.2 10.5 440 februarities 55 10.2 10.5 440 februarities 55 10.2 10.5 45 februarities 55 fe
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Financial Times Tuesday August 19 1986 INDUSTRIALS—Continued LEISURE—Continued	PROPERTY—Continued ! INVESTMENT TRUSTS—Cont. FINANCE LAND—Cont. MINES—Continued
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139 65 Hable & Land 10p 129 0.17 4.5 1 0.8 40.8 353, 23 #80wners Abraid 3p 33 1.5 23 6.4 9.4 65 44 Stehan 140 10 10 10 10 10 10 10 10 10 10 10 10 10	227 33 Hardware from 10n 289 3.5 1 10 9 3.8 0 125 117 99 125 1 10 10 10 10 10 10 10 10 10 10 10 10 1
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17-55 Group 56	172 144 Standard Secs 165 14.05 22 23 18.7 276 196 Integration (IPS 286 18.7 18.9 18.5 18
125 125	258 198 Trafford Park 230 45 11.5 1.3 1.9 14.9 186 133 18 188
150 105 Siday Group 128 +3 91 15 9.9 9.4 9.6 50 baic (H. & 1.) 10p. 57 +2 2.85 2.1 4.6 10.22 9.9 7.8 Side 10.0 13.68 3.7 2.1 13.6 3.7 2.1 13.6 3.7 2.1 13.6 3.7 2.1 13.6 3.7 2.1 13.6 3.7 2.1 13.6 3.7 2.1 13.6 2.4 2.2 2.2 13.5 4.5 2.5 3.1 3.9 11.8 13.9 11.8 13.9 13.6 13.9 13.6 13.9 13.6 13.9 13.6	550 6414 West & Country 170 180 23 67 77 276 160 150 150 150 160 1
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118 85 Stap Furchture 102 131 143 147 172 143 147 172 145 172 145 172 173 184	41 272-litersty Dt. Units
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25 43 Filterlay (Elizal Sp. Cond. 2.59 4.5 5 2.8 1.9	94 50 Gold Fids. P. Zys. 50 G30. \$\phi\$ 16.6 \phi\$ \$\phi\$ 77 66 Pacits Assets Tis 50. 79 \$\phi\$ 1 115 25 \$\psi \psi \psi \psi \psi \psi \psi \psi
124 Transport Dec. 171 152 21 22 132 134 135 2	176 177 178 178 178 178 178 178 178 178 178 178 178 178 188
46 55 Robbect 20p 66 1.98 2.7 2.2 2.80 170 Ferquests (ed. 274 7.9 2.1 4.1 16.5 25 25 18. Georgadies 9p 288 18.2 2.2 2.0 112 Ferry Pack 10p 177 192.73 2.9 2.24 152.7 62 3.9 4.9 40 975 5.0 2.0 10.0 296 6.1 3.1 2.2 2.1 285 212 Malor 5.3 3.0 10.8 90 54 Geers Gross 10p 76 -1 3.0 11 5.6 21.4	76 531-Cortanis 74 74 75 531-Cortanis 75 75 75 75 75 75 75 7
159 Westman 5 5 172 -3 274 4 111 19 15 15 15 15 15 1	138 87
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プラブローマング

First Declara- Last Account Dealings tions Dealings Day
July 28 Aug 7 Aug 8 Aug 18
Aug 11 Aug 28 Aug 29 Sept 8
Sept 1 Sept 11 Sept 12 Sept 22

"New-time" dz/lings may take
place from 9.30 cm two business days
earlior.

Settlement Day influences— the previous trading Account was costly for many short-term professional investors—restricted trade but the majority of blue chip issues extended last week's sustained rise. For the sixth session in a row, the FT indices advanced, the FT Ordinary share closing 2.6 up at 1273.6 and the FT-SE 100 share 7.1 higher at 1609.0. The latter's movement was accentuated by its weighting towards oil stocks, one of the busier and brighter sectors yesterday.

The firmness of US oils on Friday influenced the market and demand was also generated by London comments on the outlook for crude oil prices. Leading broking house Phillips and Drew view the situation favourably and view the situation favourably and think that spot prices should be sustained at around \$15 per barrel for the next 18 months. British Petroleum were well supported and ended 10 up at 610p, while Britolls continued its recovery to settle 7 dearer at 130p.

Buying of other leading shares in short supply. The absence of major selling was once again a feature with dealers grateful for any small sales of a profit-taking nature. Some situation issues attracted interest and business also developed in shares recommended via the weekend press

Breweries claimed attention on widespread early speculation that Scottish and Newcastle was set to purchase John Smiths', the Northern arm of Hauson Trust's Courage empire, or Mount Charlotte Investments. In the event, S & N's agreed acquisition of Nottingham-based Home Brewery, although a surprise, was greeted with a certain amount of relief. Scottish rallied from 176p to close a net 9 up at 190p, while shares in Home, 190p, while shares in Home, dealt under special rule at matched bargains, were quoted at a basis price of £19.50; the latter's 5½ per cent Convertible preference closed at 83p basis. Matthew Brown, the Blackburn-based concern which only just beat off a bid from S & N last year, dipped 30 to 465p as some investors thought it unlikely that the latter would renew its that the latter would renew its efforts; S & N hold a near-30 per cent stake in M. Brown.

News of last month's Public Sector Borrowing Requirement of a net £200m repayment failed to enliven a lacklustre Gilt-edged market. Potential investors market. Potential investors seemed content to await positive moves on the interest rate front

EQUITY GROUPS

& SUB-SECTIONS

Floures in parentheses show number of

Metals and Metal Forming (7)...

rusehold Products (10)

Food Retailing (15)

Leisure (28)...... Publishing & Printing (14)...

Packaging and Paper (14). Stores (38) ... Textiles (17). Fobaccos (2). OTHER GROUPS (88) . Chemicals (20)
Office Equipment (4)
Shipping and Transport (13)
Telephone Networks (2)

Miscellaneous (49)
INDUSTRIAL GROUP(483)

Insurance (Life) (9)
Insurance (Composite) (7)
Insurance (Brokers) (9)
Merchant Banks (12)

FT-SE 100 SHARE INDEX 4

FIXED INTEREST

Day's change %

148.76 -0.01 148.78

164,42 | -0.23 | 164,80

116.08 +0.12 | 116.09

115.67 +0.11 115.68

9 Debentures & Lans. 119.61 -9.02 119.63 - 6.73

122,64

140.90

उसे इस्त्री. स्टब्स्ट्रेस

0.25

0.25

6.16

0.33

Angust 15

122.89

-0.01 | 141.17 |

137.<u>27 | -0.61 | 137.50 |</u> 0.21

+0.04 | 113.95

nd adj. 1986 to date

7.34

8.59

8.44

7.27

815

234

2.13

6 7 High 8 Coupons

Index-Linked
Inflat'n rate 5%
Inflat'n rate 5%
Inflat'n rate 10%
Inflat'n rate 10%
Inflat'n rate 10%

51 Oil & Gas (17)......

Property (50).. Other Financial (23) Investment Trusts (101) ... Mining Finance (2) Overseas Traders (14) ALL-SHARE INDEX (734

1 5 years

2 5-15 years

5 All stocks...

7 Over 5 years...

6 5 years...

3 Over 15 years...

59 500 SHARE INDEX(500).

1 CAPITAL GOODS (213)

Electricals (12)

Equities quietly extend advance for Drayton Japan 10 up at 769p, and Crescent Japan 10 up at 769p, and Cresc

flotation will be a success, clearing banks turned irregular yes-terday. Sentiment was unsettled to a certain extent by news of Peru's refusal to accept the IMF's terms for renegotiating its debt and that a second Oklahoma bank has required support. Barclays relinquished 4 at 488p as did NatWest at 518p. Lloyds, however, moved up 5 at 437p and Midland hardened a penny to 538p. Bank of Ireland, mean-while, fell 13 to 202p and Allied ing the Irish fluance Minister's statement regarding Gilts com-mission changes. Standard Char-tered rose 8 to 737p in anticlpa-tion of today's interim results. Among merchant banks, Guin-ness Peat lost 5 to 88p following profit-taking in the absence of the widely-rumoured bid from Argyle Trust, but Goode Durrant and Murray, in which Impala Pacific holds over a 20 per cent stake, gained 7 to 130p. English Trust firmed 6 at 131p.

Composite Insurances were given a filip by press comment. Sun Alliance gained 12 at 665p and Royals appreciated 8 at 822p. Commercial Union put on a few pence at 308p and GRE rose 5 at 823p. Elsewhere, Lloyds Broker C. E. Heath fell 8 to 425p after Australian acquisition details. German concern Allianz Composite Insurances were details. German concern Allianz continued strongly at £810, up 14 points.

Building issues presented a relatively firm appearance. Cement shares, out of favour recently on worries about cheap Greek imports and fears that the Office of Fair Trading may over-turn the price fixing agreement within the industry, staged a useful revival. Blue Circle ral-lied 12 to 538p and Rugby Port-land picked up 3 to 148p. Else-where. Magnet and Southerns were supported and put on 8 to 180p, while Meyer International improved 5 to 234p. Still reflect-ing takeover hopes, Tay Romes firmed 2 more to 146p. Vibro-plant closed 5 dearer at 360p following the preliminary figures. ICI drifted off to close \(\frac{1}{2}\) lower at £10 following comment on the paint deal with Hanson Trust. paint deal with Hanson Trust. Lower interim profits left Blag-

den Industries a penny cheaper

Stores resilient

at 127p, after 125p.

The 1.2 per cent decline in July retail sales found leading Retailers in resilient form. Most issues retained earlier gains and finished at or around the day's best. Eurton advanced 6 to 308p, awaiting news regarding the posawatting news regarding the pos-sible sale of its Hamleys toyshop, while W. H. Smith A, annual results scheduled for tomorrow, hardened 4 to 292p. Combined English also rose 4 to 215p, folmoves on the interest rate front and longer maturities eased the fore rallying to close with small irregular changes on the day. The tap. Treasury 8½ per cent 2007, eased further from the authorities' suspected selling level of 93½ to end ½ easier at 92½.

Supported of late on expectations that the forthcoming TSB sible sale of its Hamleys toyshop, while W. H. Smith A, annual results scheduled for tomorrow, hardened 4 to 252p. Combined English also rose 4 to 215p, following confirmation of the purchase of the 112-strong Zales Jewellery chain for £26.7m. The news stimulated revived speculative demand for Goldsmiths, 18 up at 212p. Elsewhere, favour

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Day's Change %

Monday August 18 1986

Gress Div. Yield% (ACT at 29%)

_	Ann	Aug	Aug	Apg	Ass	year	19	36	Since Compilatio		
:	18	15	34	13	12	ago	High	High Low		Low	
Gevernment Sess	89.29	89.29	89.00	88.86	89.17	63.60	94.51 (184)	80.39 (207)	127.4 (9/1/35)	49.18	
Fixed interest	95.46	95.48	95.34	95.69	95.76	88.69	97.68 (7/7)	85.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)	
Ordinary 🛡	1,273.6	1,271.0	1,263.2	1,261.0	1,242.0	972.1	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9	49.A (26/6/40)	
Gold Mines	224.9	229.6	230.3	233.7	232.9	317A	357.0 (27/1)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)	
Ord. Div. Yield	4.35	4.36	4.36	4,37	4.42	4.84		S.E. AS	TIVITY		
Earnings Yld.%(fell)	10.51	70.52	10.57	10.60	10.72	11.93	le le	#ces	Aug.15	Ang 14	
P/E Ratio (net) (*)	11.61	11.60	11.54	11.50	11.38	10.34	GRt Edged	Barqains	114.9	104.5	
Total Bargains (Est)	21,151	20,598	20,525	20,750	20,816	20,494	Equity Barry	rains	126.9 1511.5	126.7 1321.8	
Equity Turnover £m	_	747.81	653.93	642.62	606.55	259.37	5-Day Ave	e	ر 15115 ر	1321.6	
Equity Bargaios	_	19,585	19,550	20,011	19,711	17,971	Gilt Edged	Barcains	108.5	104.6	
Shares Traded (nsD		294.5	285.5	298.6	274.6	147.8	Equity Bary Equity Valu	2	125.5 1242.6	129.0 1196.3	
	10 a.m. 1272.5		a.m. 72.7	Noon 1273.2		p.m. 274.0	2 p.m 1274.	4 3	p.m. 274.2	4 p.m. 1273.7	

able press mention lifted A. G. Stanley 5 to 91p, after 94p. Leading Electricals closed with little alteration after a slow day's trading. Thorn EMI ended a shade harder at 4S2p follow-ing the television deal with Nihou Electronics of India. Selec-

tive support was forthcoming for high technology stocks. Farnell featured a gain of 15 at 168p, featured a gain of 15 at 168p, while Electrocomponents put on 10 to 387p and Diploma gained 7 to 215p. Elsewhere, Air Call advanced 28 to 218p on news that Bellsouth Corporation is taking a 40 per cent stake in the communications business of Air Call following a proposed scheme of following a proposed scheme of arrangement: CAP Group found suport at 205p, but profit-taking clipped 4 from Telephone Rentals at 207p.

Leading Engineers rarely strayed from previous closing levels. Among secondary issues, Crown House were good at 193p, up 8, on the announcement of mechanical and electrical services contracts with a total value. mechanical and electrical services contracts with a total value of over £27m. Birmingham Mint, still reflecting recent press mention, gained 5 more to 185p. Occasional support left Laird a similar amount higher at 237p, while interest revived in Tex Holdings 7 to the good at 157p and Desontter, 10 higher at 255p. PSM eased 2 to 178p following the share exchange offer from the share exchange offer from McKechnie a similar amount off at 212n.

Food Retailers continued to respond to a De Zoete and Bevan "buy" recommendation. Tesco added 5 more at 400p and J. Sainsbury gained 4 afresh to 398p. Argyll, meanwhile, again reflected the chairman's buillsh annual statement and closed a further 3 dearer at 325p. Revived takenyar hones at 325p. Revived takeover hopes prompted a rise of 5 to 174p in Albert Fisher, while speculative improvements of 7 and 18 were seen in Hillards,

Wed Ang 13

ladex No.

August 15

8.29 9.21 9.51 9.50 9.66 9.50 9.19

3.65 3.48 2.10 3.31

9.92 10.46 10.47

10.52 10.15 19.79 18.67

10.28 9.95

11.50 11.37 11.24

8.30 9.18 9.22 9.52 9.50 9.46 9.63 9.67 9.50 9.22

3.45 3.47 2.09 3.30

10.10

index No.

Fri August 15

index No.

| RG. | Casse | Chiaz | Chief | Index | No. | No

| Index | Day's | Day's | Day's | Aug | Aug | Aug | Aug | Aug | Year | No. | Change | High | Low | 15 | 14 | 13 | 12 | 11 | ago | 1609.0 | +7.1 | 1609.9 | 1604.6 | 1601.9 | 1588.2 | 1581.0 | 1558.2 | 1542.8 | 1294.9

AYERAGE CROSS REDEMPTION YIELDS

5 years... 15 years... 25 years... 5 years... 15 years... 25 years...

Over 5 yrs...

Thur Aug 14

ledex No.

hardened a fraction to 13p. Reed Exec. feature Reed Executive featured a gain

LONDON REPORT AND LATEST SHARE INDEX: TEL 01-246 8026

of 43 at 386p, after 400p, on news of the sale of its Medicare sub-sidiary to Dee Corporation; the latter firmed 3 to 263p. Else-where in the miscellaneous industrial sector, Pentland Industries continued to attract buyers ahead

continued to attract buyers ahead of the interim figures due on August 28 and put on 35 more to 490p. Ashley Industriel Trust, in contrast, met profit-taking and closed 4 cheaper at 54p following the announcement of the proposed joint battery venture with a Japanese company.

Renewed support lifted Reme with a Japanese company. Renewed support lifted Rank Organisation 12 further to 492p. Organisation 12 further to 492p, but the denial of any bid approaches prompted a reaction of 7 to 323p in Bowater. Companies to respond to weekend press mention included Alexandra Workwear, 15 higher at 320p, Hunting Associated, 5 better at 295p. Lawtex, 4 up at 70p, and CH Industrials, also 4 dearer at 97p. Cannon Street Investments hardened a penny to 129p following acquisition

Investments hardened a penny to 129p following acquisition news and Peerless put on 5 to 125p in response to the preliminary figures. Berisford were supported at 100p, up 7, while Burns Anderson firmed a couple of pence to 77p on the announcement that Cheapside Investments has acquired a 7.2 per cent stake in the company. Leading issues in the company. Leading issues were generally inclined easier, but Boots managed a gain of 3 at 224p.

Leisure issues plotted an irregular course in thin trading. Revived speculative buying on asset injection hopes helped Selec TV improve 11 to 23p, after 24p, but Nationwide cheapened 21 to 68p following the disappointing interim results. the disappointing interim results. Samuelson continued to reflect the chairman's recent cautious statement with a fresh decline of 8 to 165p.

Jaguar dipped 18 to 525p following slightly disappointing interim figures and the cautious tenor of the accompanying statement. Elsewhere in Motors, Beliant, again the subject of an advance Peace article slimmed.

Jaguar dipped 18 to 525p following limits 16 lower at 175p. Front-taking left Victoria Carpet 10 cheaper at 123p.

BATS touched 408p before clossing a net 11 to the good at 406p: the interim figures are expected on September 10.

June 1 Trust Mark 1 Trust Missipared at 18 property 10 cheaper at 123p.

BATS touched 408p before clossing a net 11 to the good at 406p: the interim figures are expected on September 10.

June 1 Trust 1 ment. Elsewhere in Motors, the interim figures are expected Reliant, again the subject of an adverse Press article, slumped 5 more to a year's low of 15p. Distributors, on the other hand, trended firmer where changed. Lex Service featured with a gain of 15 to 320p, while rises of 3 305p. Far Eastern orientated

185p, and William Low, 565p, were common to Glanfield Elsewhere, Bar/etts added 5 at Lawrence, 105p, and Evans Hal-185p and Barker and Dobson shaw, 121p; the latter's interim results are expected at the start of next month.

Mr Robert Maxwell's British

Mr Robert Maxwell's British Printing and Communication touched a year's high of 310p in immediate response to the morethan-doubled interim profits, but later encountered sporadic profittaking and settled at 298p — a net gain of 6. Other Paper/ Printings made progress in sympathy, notably DRG, 10 dearer at 296p, and McCorquodale, 4 up at 223p. Press comment lifted Waverly Cameron a few pence to 126p. Proceedings among advertising and related concerns centred on Addcom International which spurted 9 to 54p in response to the agreed share-exchange terms from Addison Consultancy, finally 10 cheaper at 123p.

Land Securities, reflecting traded option activity, closed 6 higher at 324p, while MEPC moved up 5 to 330p following revived speculative support.

revived speculative support. Elsewhere in Properties, Sheaf-bank advanced 5 to 34p in response to the much-better-than-expected annual results. Wingate Property Investment, which jumped 320 in two sessions last week on news of the 150p per share cash offer and proposed capital injection of £47m over the next five years from Chase Corporation of New Zealand, advanced afresh to a new peak advanced airesh to a new peak of 500p before reacting on profit-taking to close an active day 10 easier on balance at 440p. United Real added 10 to 970p as did Tops Estates to 390p and Connells to 260p. Dares Estates hardened a penny to 184p among smaller priced issues

smaller priced issues.

Textiles were mixed. Dawson International were wanted at 260p, a rise of 4, while similar gains were noted for Earlys of Witney, 113p, and John Foster, 76p. Lister advanced 7 more 122p following favourable fading takeover hopes prompted persistent offerings of Burmatex, finally 16 lower at 178p. Profit-

Investment Trusts displayed a

NEW HIGHS AND LOWS FOR 1986

NEW BIGHS (73)
BRITISH FUNDS (1) Treas 2pc II. 1990.
AMERICANS (7) Browning-Ferris, FPL
Group, Morgen (J. P.), Pacificorp,
Quaker Oats, Southwestern Bell, US
West. BANKS (3) Benco de Bibaco,
Sanco de Santander, Geode Durrant &
Murray. BUILDINGS (3) RMC, Vibroplant, Wimpey (G.). CHEMICALS (3)
Hercules Inc., Morley (R. H.), Thurger
Bardex. STORES (1) Stanley (A. G.).
ELECTRICALS (1) First Security.
ENGINEERING (3) Camford Eng. Carclo
Grg. Downlebrae. FOODS (2) Dalepak
Foods, Tesco. INDUSTRIALS (5)
Bruntons (Musselburgh), C. H. Industruels, Continuous Statinery, Esselts
AB, Reed Executivs. INSURANCE (1)
London United. MOTORS (2) Glanfield

Lawrence, Lookers. PAPER (2) BPCC.
Bunzl. PROPERTY (4) Country Props.
Shaefbank Prop. Utd Real Prop. Wingate Prop. TEXTILES (2) Letter, Palma.
TRUSTS (24). OILS (5) Chevron Corp.
Enterprise Oil. Excom, Royel Durch.
Shell Transport. MINES (4) Balmoral
Res. Paringa, Pelsart Res., Renison.
NEW LOWS (14)
AMERICANS (3) Cont. Illinois Corp.
Cont. Illinois Hidgs. Roht Inds Inc.
STORES (1) Prontspint. ELECTRICALS
(2) Circaprint, Cranbrook Elect.
LEISURE (2) Medminser, Samuelson. (2) Creaprint, Cranbrook Elect.
LEISURE (2) Medminser, Samuelson.
MOTORS (1) Reliant Motor. NEWSPAPERS (1) Collins (Wm.) A.
PROPERTY (1) Consolidated Tem Invs.
MINES (3) ERGO, Colby Res, Musto

BASE LENDING RATES Financial & Gen. Sec First Nat. Fin. Corp.....

Brown Shipley 19 National Girobank 10 CL Bank Nederland 19 Northern Bank Ltd. 10 Norwich Gen. Trust 11 Cedar Holdings. 11 PK Pinans. Intl (UK) 10 Charterhouse Bank 10 Provincial Trust Ltd. 11 Charterhouse Bank 10 R. Raphael & Sons 10 Citibank NA 10 R. Raphael & Sons 10 Citibank NA 10 R. Raphael & Sons 10 Citibank Savings 719% Royal Bank of Scotland 10 City Merchants Bank 10 Royal Bank of Scotland 10 Comm. Bk N. East 10 Standard Chartered 10 Consolidated Credits 10 Trustee Savings Bank 10 Continental Trust Ltd. 10 UDT Mortgage Express 11 Co-operative Bank 11 United Bank of Ruwait 10 The Cyprus Popular Bk 10 United Bank of Comp. 16 Westpac Banking Corp. 17	
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Whiteaway Laidlaw

Oils make progress

The strong showing by oils in US markets on Friday evening and a firm performance by spot prices gave an immediate boost to UK oil shares which attracted to UK oil shares which attracted widespread support. Although closing below the day's best levels the leading issues displayed good gains across the board led by Shell, finally 15 up at 870p. after a year's best of 875p. BP were 10 firmer at 610p, after 613p, despite Press suggestions that the Government way well sell part or all of its may well sell part, or all, of its remaining 31 per cent stake in the company following the successful placing of Guinness's 18.8 per cent stake last week. Britoil per cent stake last week. Britoli continued their recent revival and put on 7 to 130p, after 133p, while LASMO added 5 at 130p. Ultramar 3 to 138p, and IC Gas a like amount to 430p. Among second-liners Premier moved up 2 to 29p and Triton Europe 9 to 106p. Irish exploration issues, strongly supported late on Friday, came under intense pressure first thing when Irish operators were persistent sellers, and Atlantic Resources dropped 6 to 13p.

6 to 13p.
Overseas Traders held close to pre-weekend positions. Incheape, however, rose a few pence to 401p as brokers de Zoete and Bevan raised its profits forecast for the current year to £70.5m. The easier trend in precious metal prices and worries over the US Senate's overwhelming vote for further American sancvote for further American sanctions against the Republic prompted another decline in South African mining shares. Bullion dipped \$5.125 to close at \$377.75 while platinum, which precipitated the upsurge in gold last week, came under pressure throughout the day. throughout the day.

Concern over the possibility of further US moves against South Africa caused a sharp retreat by the Financial Rand, which fell almost a cent to 19.5 cents and this led to persistent Johannesburg and London selling of gold and related issues. There were little signs of a rally in share prices late in the day — despite the absence of any significant selling from the US — and the Gold Mines index gave up 4.7 more to 234.9. Concern over the possibility of more to 224.9.

Platinums registered wide-spread losses with Impala 15 down at 735p ahead of the preliminary results and Rustenbourg 20 off at 705p. South African Financials gave ground in front of important trading statements from GFSA and De Beers, GFSA dipped 9 to 639p ahead of the full-year figures scheduled for today, while De Beers were a shade easier at 453p; the latter's interim results are expected this

Australian mines improved across the board awaiting Tues-day's Federal budget.

Traded Options

Traded Option volume remained at a high level with 20,647 contrasts struck. Dealers reported a lively trade throughout the list although recent out the list although recent Aug 18 Sept 5 Sept 19 Dec 15 Resources, Aran Emergy, favourite Hanson Trust again Sept 8 Sept 19 Dec 18 Dec 18 European Ferries, Caline Interstole the honours with 2,873 calls Sept 22 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Aran Emergy, Sept 22 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Aran Emergy, Sept 22 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 18 Dec 29 national, North Kalgurii, Ayran Emergy, Sept 20 Oct 3 Dec 20 Dec 2 Metropolitan were active with 2,037 calls traded, while the interim figures stimulated 799 calls and 643 puts in Jaguar. The FT-SE 100 index attracted 768 calls and 461 puts.

VESTERNAY'S ACTIVE STOCKS

C-Call

B-Bid

PL52.30

FF-2017-20

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Day's change + 180; + 04; + 7 - 5

RISES AND FALLS YESTERDAY

TRADITIONAL OPTIONS

For First Declara- Settle-Dealtion ment ines For rate indications see end of Unit Trust Service

Money was given for the call

Lawrence, Sheraton Securities, Apricat Computers, Amstrad, BSR International, GKN, shire Metal Products, Diploma, C. H. Bailey and RMC. A put was done in Tricentrol, while of Ibstock Johnsen, Ultramar, double options were transacted Thames Mining, Parkdale, Con-in Ultramar, Amstrad and trol Securities, Glanfield London and Northern.

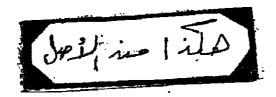
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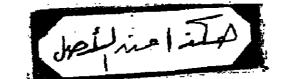
WORLD STOCK MARKETS

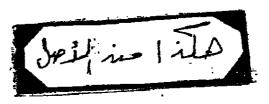
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Confidence ahead of latest data

THE US securities markets made a confident start to a week charged with the latest official data on the economy, urites Terry Byland in New York.

Stock prices railied from a weak start, surging ahead sharply on futures-related buying programmes towards the end of the session. Bonds showed small gains as traders awaited today's meeting of the federal reserve's open market committee (FOMC).

It was the blue chip issues which led the rally in equities. The broader market was slower to rally and transportation and utility issues were sluggish through-

out the session. The Dow Jones industrial average ended with a net gain of 13.92 points at 1869.52, after showing a net fall of 71/2 points at mid-morning. Turnover remained moderate, with 113.2m shares

traded on the NYSE. Analysts are in broad agreement that the stock market could be in for a further bout of profit-taking, although there is uncertainty as to how soon and how deep a shakeout it could be. Shearson Lehmann Brothers advised clients to trim holdings in both stocks and bonds and to hold 20 per cent in cash.

STOCK MARKET INDICES

August 18

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2,598,45 2,587,63 1,326,76

Prev

348.7

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August 18 \$377.75

\$377.75

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350.3

COMMODITIES

GOLD (per ounce)

(C)

(c)

667.07 481.14

(c) 352.91

189.6

945.5 928.8

82.35

Yearago

217.8

356.85p

€876.25

£1887.50

\$14.35

Prev \$382.875

\$385.25

\$381.64

\$384,75

157.21

186.10

1,299.1

626.94

684.79

10.27

317.4

(c) 187.26

(c) 2,320.44

215.9

79.6

FFr SFr

BFr CS

753.38 756.00

211,13 211,24

247,38 247.15

220

200

NEW YORK

LONDON

FT Ord

FT-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

AUSTRIA

BELĞİLIN

CANADA

Toronto

Composite

Montreal

Portfolio

DENMARK

FRANCE

CAC Gen

Ind. Tendance

WEST GERMANY

Commerzbank

FAZ-Aktren

HONG KONG

Hang Seng

Banca Comm.

NETHERLANDS

ANP-CBS Ind

NORWAY

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Golds JSE industrials

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

. Silver (spot fixing)

Copper (cash)

Coffee (Sept)

Oil (Brent blend)

SPAIN

SWEDEN

WORLD

(London

London

Paris (fixing)

Luxembourg New York (Dec)

Zünch

ITALY

Metals & Minis

Belgian SE

Metals & Mins.

Credit Aktien

TOKYO

FT-A All-share

FT Gold mines

FT-A Long gilt

DJ Transport

S&P Composite

Standard & Poors 500

But the firm added that the recent rally could continue if there is co-ordinated action on interest rates by Japan, West

Germany and the US.
Wall Street will keenly watch the FOMC meeting for signs of any decision to relax credit policy in order to stimulate the flagging pace of US business. Today also brings official revision of earlier second quarter GNP growth estimates and later in the week, statistics are due on personal income, consumer prices, durable goods orders, housing starts and the federal budget deficit.

There was little immediate response to agreement in Washington on the proposed new tax code. The potential implications for corporate taxation are difficult to assess and have caught the stock market when it has many other reasons for uncertainty.

The recovery in the dow was led by IBM, up \$24 at \$135%. The other technology issues remained soft, except for Burroughs, up \$\% at \$70\% as its merger with Sperry took effect.

Honeywell, however, lost \$2 to \$71, and NCR \$4 to \$53%. Among the personal computer manufacturers, Tandy Corp fell \$% to \$34% after reporting halved profits. Commodore edged up by \$1/2 to \$6% on the latest results, which included an auditor qualification. Apple Computer at \$35% shed \$%.

Oil looked ragged against a backcloth of conflicting factors in the world oil market. Exxon at \$65% added \$% in mod-erate turnover while Atlantic Richfield shaded by \$1 to \$55%.

The Detroit car stocks quietened down after last week's active trading bout. Ford remained unchanged at \$59, while

1900

1800

1750

11350

=1300

1250

1.4945

3.0825

230.25

10.02

2.4850

2,121.5

6% 6% 6% 5.08 5.72

Aug 18 Previous

1.4930

3.0925

2.5025

4% 4½ 7%

6%s 6%s 6%s* 5.80* 5.61*

Price

Yield

7.01

6.76

6.40

6.93

7.86

Prev

99 8.149

102% 8.363

106% 9.265

93 8.791

Price

-0.02

-0.02

+0.04

+0.03

+0.02

Jul 1986 Au

154.15 230.00 6.705 10.06

1,419.5 2,121.5

CURRENCIES

2.0630

1.6625

42.65

1.3940 1.3900 2.0820

INTEREST RATES

US BONDS

Yield

Aug 18° Day's change

+0.06

Yield

91% 6.517 91,315 6.45

156.28 +0.02

148.41 + 0.06

184.63 -0.12

August 18

Price

98.669

106 9.277

99% 9.425

FINANCIAL FUTURES

100-18 100-21 100-04 100-25

94.56 94.60 94.52 94.60

93.78 93.81 93.78 93.85

120-18 120-21 120-11 120-19

n/a 94.14

n/a

814 March 1996 102,918 8.30

138.98

150.74

1001%2 6.363 1001%2 6.399

1011% 7.003 101% 7.021

1012 7.129 101 4 7.156

9917/12 7.288 9914/2 7.295

US DOLLAR

Aug 18 Previous

154.10

6.7375

1.6755

1,421

(3-month offered rate)

SFr DM

US Fed Funds

Treasury

6% 1988

7% 2016

1-30

1-10

15-30

3% July 1990

8 April 1996

9% March 2016

General Motors

9% March 2016

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

S1m points of 100%

Sept

Sept

Sept

LONDON

Source: Salomon Brothers

US Treesury Bonds (CBT)

US Treesury Bills (IMM)

Three-month Eurodolla

20-year Notional Gift

£50,000 32nds of 100%

Certificates of Deposit (IMM)

8% April 2016

Citicorp

Source: Merrill Lynch

SCBT South Central 10% Jan 1993

3-month USS

6-month US\$

Source: Harris Trust Savings Bank

General Motors rallied by S% to S71% turnover was light in both cases.

Interest-orientated stocks moved narrowly, waiting for a move from the FOMC meeting. BankAmerica at \$12% shaded 5% on light selling. The shares have held above the year's low despite disquiet over senior resignations, in part because of takeover hopes.

The transport sector was weakened both in airline and rail stocks. American Airlines gave up \$% to \$54% and United \$\%. to \$54, Pan Am at \$5\%, was only a shade above its low point.

But Jet America, on the American Stock Exchange, jumped \$% to \$4% as a unit of Delta Air Lines opened a tender offer at \$4.25 a share.

Other special features included a sweetened bid of \$77.50 a share or just over S1bn cash for Ex-Cell-O from Textron, with the board supporting the new offer, Ex-Cell-O stock steading at \$77.

In the credit markets, federal funds rate edged up to 6% per cent but was met with \$2bn in customer repurchases by the Federal Reserve. Treasury-bill rates were also slightly higher.

But the Fed repurchase arrangements were not regarded as a sign of a changed policy - and the analysts continued to wait for the FOMC meeting. Bond prices fluttered either side of Friday's close to show a yield of about 7.29 per cent on the 30-year issue.

LONDON

Oil sector **lubricates** advance

SETTLEMENT DAY influences restricted trade in London but the majority of blue chip issues extended last week's sustained advance.

For the sixth successive session, the FT indices advanced, the FT Ordinary share closing 2.6 up at 1,273.6 and the FT-SE 100 share 7.1 higher at 1,609.0.

The strength of US oils on Friday influenced the market and demand was also generated by London comments on the outlook for crude oil prices. British Petroleum was well supported and ended 10p up at 610p, while Britoil continued its recovery to settle 7p dearer at

Potential gilt edged investors seemed content to wait for positive moves on the interest rate front and longer maturities eased 4 before rallying to close with small irregular changes.

Chief price changes, Page 29; Details, Page 28; Share information service, Pages 26-27.

HONG KONG

CONTINUED strong demand took Hong Kong stocks to a fresh record after the market had brushed aside the effects of some profit-taking late during the morn-

The Hang Seng index rose 14.38 to 1,950.12, surpassing the previous record of 1,935.76 established on Friday.

Overseas institutions and local investors were selective purchasers of property and utility issues on expectations that they will benefit from last week's one point reduction in prime lending rate to 6½ per cent.

Cheung Kong and Sun Hung Kai Properties each put on 30 cents to HK\$24.70 and HK\$14.70 respectively while New World rose 20 cents to HK\$6.90.

AUSTRALIA

HEAVY purchases of leading industrial stocks spurred Sydney markets ahead taking the All Ordinaries index up 8.7 to

The continuing BHP-Bell Resources bid saga resurfaced, this time with the tables turned: BHP fell 28 cents to A\$7.96 and Bell Resources 20 cents ahead at A\$5.

Among industrials, pre-budget nerves gave way to selective bargain hunting

among blue chips.

Speculation that the budget would include a proposal to prevent superannuation trusts from investing offshore boosted demand for developers.

Mining stocks were mostly firmer des-pite easier bullion prices.

SOUTH AFRICA

THE EMERGENCE of late demand enabled Johannesburg gold shares to pick up from the day's lows but the sector was still easier on the day, in line with a lower bullion price. Vaal Reefs eased R2 to R292, after

R290 while Kloof finished 50 cents easier at R30.50. Against the trend, Libanon put on 50 cents to R61.

Platinums mirrored golds with Rustenburg 75 cents lower at R52.25 but mining financials and other miners were mostly firmer. Gold Fields put on R1.50 to R48.50 and De Beers rose 50 cents to R34.50.

CANADA

LOSSES widened in moderate Toronto trading with industrials, golds and metals and mines turning lower in step with the trend on Wall Street.

Canadian Imperial Bank of Com-merce dipped C\$% to trade at C\$17%, Imasco CS¼ to CS34¼ and Canadian Pacific C5% to C514%. Against the trend, the actively traded Nova Alberta managed a 10 cent advance to C\$4.70.

Golds joined the retreat as bullion prices fell

Oils were mixed.

EUROPE

Post holiday enthusiasm pervades

LINGERING optimism that world interest rates will turn softer, together with hopes that company results will improve further and the re-emergence of inves-tors after weeks of relaxing in the sun, sparked European bourses to turn firmer after the long weekend holiday in most centres.

Frankfurt bounded ahead as foreign buyers sought stock in a market starved of paper. The Commerzbank index, calculated at midsession, jumped 40.7 to 2,050.5.

Investors were indiscriminate in their purchases, selecting issues from all sec-tors, although construction and steel groups tended to show some weakness. Holzmann faded DM 5 to DM 555 while Thyssen lost DM 2.50 to DM 160 and Linde shed DM 2 to DM 733.

Computer maker Nixdorf shot up DM 20 to DM 660, Bayerische Hypotheken jumped DM 23 to DM 610 and among stores, Kaufhof gained DM 14 to DM 517 while Karstadt added DM 12 to DM

Schering, the chemicals and pharmaceuticals group, reported a drop in turnover and sales for the first half but the issue rose DM 4.50 to DM 598.50.

Bonds were little changed as investors kept to the sidelines. Longs fluctuated between gains and losses of around 10 basis points.

The Bundesbank bought DM 1.6m worth of paper after selling DM 18.4m on Friday.

Paris was besieged by a flurry of mixed news on corporate sales but sentiment remained firm in reaction to last week's improved trade figures.

Those with lower turnover included Alsthom, FFr 11 higher at FFr 325, Screg, steady at FFr 33 and Roussel-Uclaf, off FFr 25 at FFr 1,660 while those with higher sales included Bouygues, up FFr 65 at FFr 1,450, Essilor FFr 51 higher at FFr 3,040 and Peugeot with an advance of FFr 18 to FFr 1,068.

Amsterdam gathered steam as investors ignored last week's poor corporate results and returned to the market after Friday's religious holiday with renewed Royal Dutch led the advances on the

belief that Opec will adhere to its output agreement

The highlight of the session, however, was the performance by Naarden International, the flavours and fragrances group that is in merger talks with Unishare for the flavourings group. Naarden shot up Fl 34.10 to Fl 88.10 on speculation that the transaction will go through while Unilever added F1 7.80 to F1 512. Bonds were higher after a hesitant

Milan also found new verve after the long weekend and prices turned firmer with interest centring on insurers, financials and industrials issues.

Insurer RAS continued early gains to end at L65,500, up L7,700 while Toro reached L38,890 after a rise of L4,390. Cofide, a de Benedetti group holding company, added L190 to L5,740, IFI and Fidis, holding companies of the Fiat

group, ended with respective rises of L930 to L30,430 and L800 to L21,600 Zurich continued last week's firmer trend as short-term interest rates drifted lower. Bonds were slightly up.

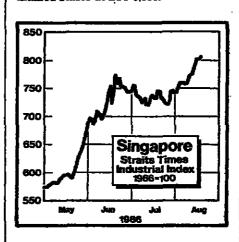
Madrid was higher as construction issues led the advance. Oslo was boosted by the higher oil

prices which in turn helped other sectors to advance. Norsk Hydro, buoyed by optimistic re-

ports about the company's performance in the US, gained NKr 5.50 to NKr 151. Stockholm began the week on a lower note, however, amid continued profit-taking after last week's solid gains. Against the trend, Volvo rose SKr 8 to SKr 417 spurred by the announcement of a truck link with General Motors of

Brussels was generally weaker due largely to stock-taking at the end of the present two-week trading period.
Utility group Ebes fell BFr 40 to BFr

4,760 and Intercom dropped BFr 55 to BFr 3,835 while oil group Petrofina remained stable at BFr 8,850.



SINGAPORE

A SIXTH consecutive daily advance was registered in Singapore as selective buying interest and short covering took the market ahead in moderately active trad-

The Straits Times industrial index rose 5.99 to 809.84 with interest by local and foreign institutions centring on blue chips and some trustee stocks.

Among actively traded issues, Bonvests put on 10 cents to 72 cents while QAF shed 3 cents to S\$1.14.

Unilite Electrical, which resumed trading after being suspended since April 1978, closed at 98 cents compared with its last traded price of 52 cents.

TOKYO

Demand continues unabated

BUYING interest continued unabated in Tokyo, taking the Nikkei market average to a third successive peak, writes Hill

Stea ! : a

ban paint

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143 See2 154

MILLION-DM CHANCE

RECURS EVERY FRIDAY FOR

Shigeo Nishiwaki of Jiji Press.
The index climbed 221.03 to 18.597.44, a gain of some 1.243 points since August 7. Turnover remained strong with 950m shares traded, although down from last Friday's 1.2bn. Advances led declines by 435 to 424, with 117 issues unchanged.

Despite the absence of fresh incentives, institutional and individual investors continued buying, on expectation of a further rise in prices.

Giant-capital stocks continued to dominate the active stock list, but some front runners weakened on profit-taking.
Toshiba topped the list with 64.14m shares traded but shed Y6 to Y629. Mitsubishi Electric fell Y5 to Y467.

Nippon Steel eased Y1 to Y201 and Ishikawajima-Harima Heavy Industries Y5 to Y420 after leading the giant-capital

stock "fevers" in July.

By contrast, electric power and gas utilities gained more ground. Tokyo Electric Power was the most popular stock in terms of trading value, rising Y400 to Y7,150, exceeding the 7,000 mark for the first time. Tokyo Gas climbed Y10 to Y930.

Buying interest in trading houses gathered momentum on the prospect of lower interest rates.

Mitsui advanced Y39 to Y690, Mitsubishi Y30 to Y1,020 and C. Itch Y20 to Stocks with large hidden assets were

also sought. Mitsubishi Estate added Y180 to an all-time high of Y2,520, eclipsing its previous peak of 2,470 registered on July 25. Mitsui Real Estate put on Y100 to Y1,340. Financial stocks held firm. Nomura

Securities jumped Y90 to a record Y3,380. Tokio Marine and Fire Insurance hardened Y110 to Y1,780, Mitsubishi Trust and Banking Y1.70 to Y1,600. Bond prices rose on expectations that

the Bank of Japan will reduce its discount rate, following in the footsteps of the US and West Germany. The yield on the benchmark 6.2 per

cent due in July 1995 fell from last Friday's 4.610 to 4.575 per cent. On Friday, it had fallen below 4.6 per cent at one stage to 4.570 per cent.

The issue drew beavy selling worth more than Y100bn yesterday at a yield of 4.570 per cent. Dealers remained optimistic, but institutional investors were awaiting the announcement of the second revision of data for the second-quarter US gross national product schedules



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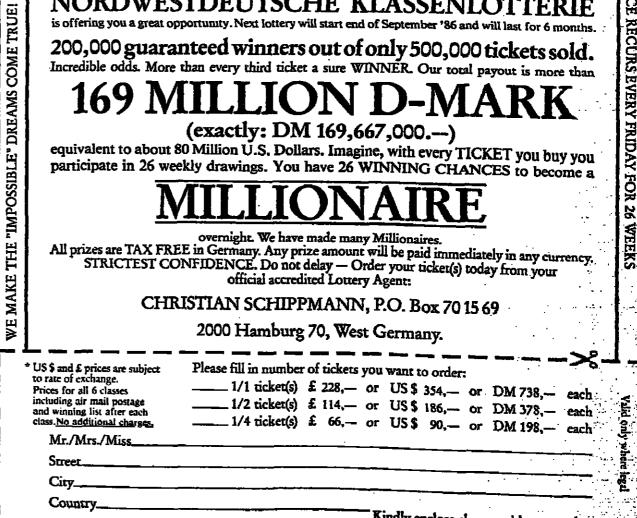
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